

March 2001

# DEPARTMENT OF THE TREASURY

## Information on the Office of Enforcement's Operations



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<b>Abstract</b> The conference report on the Treasury and General Government Appropriations Act for fiscal year 2000 requires us to conduct a review of the Department of the Treasurys Office of Enforcement (Enforcement). 1 Enforcement is to provide oversight, policy guidance, and support to the Treasury enforcement components 2 that is, the Bureau of Alcohol, Tobacco and Firearms (ATF); the U.S. Customs Service (Customs); the Executive Office of Asset Forfeiture (EOAF); the Federal Law Enforcement Training Center (FLETC); the Financial Crimes Enforcement Network (FinCEN); the Office of Foreign Assets Control (OFAC); and the U.S. Secret Service. 3 Enforcement is headed by the Under Secretary (Enforcement) whose staff includes an Assistant Secretary and three Deputy Assistant Secretaries (DAS). In addition, officials of each bureau select a liaison to serve as a central point of contact to Enforcement on		
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**Abbreviations**

ATF	Bureau of Alcohol, Tobacco and Firearms
DAS	Deputy Assistant Secretary
DCI	Data collection instrument
DOJ	Department of Justice
EOAF	Executive Office of Asset Forfeiture
FLETC	Federal Law Enforcement Training Center
FinCEN	Financial Crimes Enforcement Network
FMD	Financial Management Division
FTE	Full time equivalent
IRS/CID	Internal Revenue Service's Criminal Investigation Division
OF&A	Office of Finance and Administration
OFAC	Office of Foreign Assets Control
OMB	Office of Management and Budget
OPR	Office of Professional Responsibility



United States General Accounting Office  
Washington, DC 20548

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March 2, 2001

The Honorable Ben Nighthorse Campbell  
Chairman  
The Honorable Byron L. Dorgan  
Ranking Member  
Subcommittee on Treasury and General Government  
Committee on Appropriations  
United States Senate

The Honorable Ernest J. Istook  
Chairman  
The Honorable Steny H. Hoyer  
Ranking Minority Member  
Subcommittee on Treasury, Postal Service,  
and General Government  
Committee on Appropriations  
House of Representatives

The conference report on the Treasury and General Government Appropriations Act for fiscal year 2000 requires us to conduct a review of the Department of the Treasury's Office of Enforcement (Enforcement).<sup>1</sup> Enforcement is to provide oversight, policy guidance, and support to the Treasury enforcement components<sup>2</sup>—that is, the Bureau of Alcohol, Tobacco and Firearms (ATF); the U.S. Customs Service (Customs); the Executive Office of Asset Forfeiture (EOAF); the Federal Law Enforcement Training Center (FLETC); the Financial Crimes Enforcement Network (FinCEN); the Office of Foreign Assets Control (OFAC); and the U.S. Secret Service.<sup>3</sup> Enforcement is headed by the Under Secretary (Enforcement) whose staff includes an Assistant Secretary and three Deputy Assistant Secretaries (DAS). In addition, officials of each bureau select a liaison to serve as a central point of contact to Enforcement on

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<sup>1</sup>H.R. Conf. Rep. No. 106-319 at 58 (1999).

<sup>2</sup>Additionally, Enforcement is to provide policy guidance to the Internal Revenue Service's Criminal Investigation Division—not oversight or supervision.

<sup>3</sup>For the purposes of this report, we will refer to these Treasury components as "law enforcement bureaus" or "bureaus."

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various matters, such as conveying information, collecting data, and ensuring that bureaus are aware of all requests for information.

As discussed with staff from the Subcommittee on Treasury and General Government, Senate Committee on Appropriations, and the Subcommittee on Treasury, Postal Service, and General Government, House Committee on Appropriations, we agreed to determine

- the resources (funding and full time equivalents (FTE))<sup>4</sup> that were available for Enforcement to perform its oversight, policy guidance, and support roles for fiscal years 1994 to 2000; the resources Enforcement obligated each year for fiscal years 1994 to 2000; and, when applicable, why obligations differed from what was available;
- the circumstances, if any, under which the Treasury law enforcement bureaus are required to interact with Enforcement instead of acting on their own; whether the bureaus have complied with these requirements; Enforcement's role in these interactions; and how Enforcement has communicated its authority to the bureaus;
- what Enforcement has done to provide oversight, policy guidance, and support to the law enforcement bureaus and examples of projects and ongoing efforts (i.e., continuous projects with no fixed end date) that Enforcement has undertaken related to each of these roles since October 1, 1998; and
- what factors, if any, have been barriers to Enforcement in fulfilling its oversight, policy guidance, and support roles, according to Enforcement and bureau officials, and what actions, if any, has Enforcement taken in response to these factors.

We focused our work on those offices within Enforcement that are responsible for providing oversight, policy guidance, and support to Treasury's law enforcement bureaus. To gather information on these objectives, we interviewed Enforcement and bureau officials, obtained and reviewed relevant documentation, and developed and administered a data collection instrument (DCI).

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<sup>4</sup>An FTE generally consists of one or more employed individuals who collectively complete 2,080 work hours in a given year. Therefore, either one full-time employee or two half-time employees equal one FTE.

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## Results in Brief

The resources available to Enforcement to perform its basic operations, including its oversight, policy guidance, and support roles, for fiscal years 1994 through 2000, ranged from about \$2.3 million in fiscal year 1996 to \$5.2 million in fiscal year 2000.<sup>5</sup> From fiscal years 1994 to 2000, about \$28.3 million had initially been made available to Enforcement through Treasury's Financial Management Division (FMD), and Enforcement obligated about \$25.2 million of these funds. In 5 of the 7 fiscal years from 1994 to 2000, Enforcement obligated fewer funds than had initially been made available through FMD. According to Enforcement and FMD officials, a principal reason that Enforcement did not use all of the funds that were initially available was because of hiring-related issues. In the remaining 2 fiscal years, Enforcement's obligations were greater than the amount of funding initially made available by FMD due to both personnel and nonpersonnel-related expenses, such as equipment purchases. For fiscal years 1994 through 2000, the number of FTEs that Enforcement used ranged from 23 in fiscal year 1995 to 51 in fiscal year 2000.<sup>6</sup>

No comprehensive source provided guidance to either Enforcement staff or the bureaus on the circumstances under which bureaus are required to interact with Enforcement. At our request, Enforcement officials compiled a list of those circumstances. The 29 circumstances that they identified included personnel activities, such as awarding bonuses to senior managers; fiscal activities, such as reviewing annual budget submissions; and a wide variety of activities related to specific law enforcement programs of the bureaus, such as making payments to informants. For 12 of the circumstances, no established documentation existed (such as Enforcement policies, handbooks, or operating manuals) that prescribed interaction requirements. For many of the other 17 circumstances, documentation was generally broad in nature and did not provide explicit guidance to the bureaus on such things as when and how they were to interact with Enforcement. Enforcement may not be able to perform its functions and meet its goals efficiently without strong internal control, including a clearly defined and documented set of policies and procedures describing the circumstances under which the bureaus are required to interact with Enforcement.

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<sup>5</sup>These are the funds that Treasury's Financial Management Division allotted to Enforcement from the departmental offices' salaries and expenses appropriation for Enforcement's basic operations.

<sup>6</sup>These figures do not include FTEs for staff for which Enforcement was reimbursed or who were detailed to Enforcement.



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About one-half of the bureau officials we interviewed said that they either were not aware of written requirements for their bureaus' interactions with Enforcement or that they knew when to interact through such factors as their professional responsibility, experience, judgment, or common sense. Bureau officials generally said that they interacted with Enforcement under the circumstances that Enforcement officials identified and provided examples of their compliance. Enforcement officials said that their roles in these interactions were determined by factors such as the particular issue being covered or the type of product being generated and its level of importance. Enforcement officials identified various methods that the Office used to establish authorities and communicate with the law enforcement bureaus. For example, the liaisons representing Treasury's law enforcement bureaus were to meet daily with the Under Secretary to discuss various topics, including operational matters such as arrests and seizures.

Enforcement staff engaged in various projects and activities to fulfill their oversight, policy guidance, and support roles. According to Enforcement officials, these generally included projects, ongoing efforts, and discrete functions on more limited efforts. For example, Enforcement has an ongoing effort to reduce juvenile and youth violence, among other things, that subsequently was adopted as a presidential initiative. Enforcement has worked with ATF on this ongoing effort, which has included developing the Youth Crime Gun Interdiction Initiative; drafting, reviewing, or commenting on briefing papers and reports; and regularly briefing Department of Justice (DOJ) officials, Office of Management and Budget (OMB) officials, congressional staff, and others on plans, budgets, reports, and appropriations requests. Both Enforcement and bureau officials also emphasized the importance of Enforcement's advocacy role for the bureaus, both within and outside of Treasury.

Enforcement and bureau officials identified several factors that they viewed as having been barriers to Enforcement in fulfilling its oversight, policy guidance, and support roles. The bureau liaisons tended to identify internal factors as barriers, including administrative issues, such as Enforcement's starting from scratch when making data requests from the bureaus and not determining whether it already had the data being requested. Enforcement and other bureau officials, however, focused more on external factors, such as Enforcement's need for additional resources to analyze the bureaus' budgets and strategic plans. Enforcement officials described actions they had taken to address some of these barriers, but they noted that two issues prevented Enforcement from

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fully addressing these barriers—a lack of control over the barrier and a lack of resources.

To improve the Office of Enforcement’s internal control, we are recommending that the Secretary of the Treasury direct the Under Secretary (Enforcement) to strengthen internal control by establishing a policies and procedures manual to ensure that the circumstances under which their bureaus are to interact with Enforcement are clearly defined, documented, and readily available for examination by bureau officials, among others. In commenting on a draft of this report, the Acting Under Secretary (Enforcement) agreed with our recommendation and said that Enforcement has initiated a project to plan and develop a policies and procedures manual, which would include a subsection containing specific direction and guidance to the liaisons.

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## Background

Initially created in 1968,<sup>7</sup> the Office of Enforcement was then headed by an Assistant Secretary of the Treasury. The Under Secretary (Enforcement) position was created as a result of Treasury’s fiscal year 1994 appropriation in which Congress directed that the Secretary of the Treasury establish the Office of the Under Secretary (Enforcement)<sup>8</sup> to give increased prominence to the law enforcement activities and responsibilities of Treasury’s law enforcement bureaus. In July 1994, the first Under Secretary (Enforcement) was sworn in. The Under Secretary’s staff includes an Assistant Secretary and three Deputy Assistant Secretaries. The Under Secretary reports to the Secretary of the Treasury through the Deputy Secretary of the Treasury and is responsible for the following functions:<sup>9</sup>

- coordinating all Treasury law enforcement matters, including the formulation of policies for all Treasury enforcement activities;
- ensuring cooperation and proper levels of Treasury participation in law enforcement matters with other federal departments and agencies;

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<sup>7</sup>According to an Enforcement official, the Office of the Assistant Secretary for Enforcement, Tariff and Trade Affairs, and Operations was established in 1968 and had the general configuration of the current Office of Enforcement.

<sup>8</sup>Treasury Department Appropriations Act, 1994, P.L. 103-123, 107 stat. 1226, 1234 (1993).

<sup>9</sup>These functions were outlined in a Treasury paper on the organization and functions of the Office of the Under Secretary (Enforcement). According to an Enforcement official, information similar to this will be made part of Treasury’s Internet Web site.

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- directly overseeing the Assistant Secretary (Enforcement) and DAS (Enforcement Policy); and, through the Assistant Secretary (Enforcement), overseeing the DAS (Law Enforcement) and the DAS (Regulatory, Trade and Tariff Enforcement);
  - providing departmental oversight of Customs; the Secret Service; ATF; and FLETC and, through the Assistant Secretary (Enforcement), monitoring the activities of FinCEN, OFAC, and EOAF; and conducting policy guidance for the Internal Revenue Service's Criminal Investigation Division (IRS/CID);
  - negotiating international agreements on behalf of the Secretary of the Treasury to engage in joint law enforcement operations and for the exchange of financial information and records useful to law enforcement; and
  - supervising the Director of the Office of Finance and Administration (OF&A).

Enforcement's performance goals, as described in its fiscal year 2000 performance plan, were to (1) develop and implement policies to facilitate achievement of strategic goals in Treasury's enforcement mission<sup>10</sup> and (2) provide effective oversight of law enforcement bureaus.<sup>11</sup> The fiscal year 2000 budget for the Treasury law enforcement bureaus,<sup>12</sup> as enacted, totaled about \$3.3 billion, with about 27,300 FTEs.<sup>13</sup>

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<sup>10</sup>Treasury has four missions, according to its strategic plan for fiscal years 1997 to 2002. They are (1) economic—to promote prosperous and stable American and world economies, (2) financial—to manage the government's finances, (3) law enforcement—to protect our financial systems and our nation's leaders and foster a safe and drug-free America, and (4) management—to continue to build a strong institution.

<sup>11</sup>Under the Government Performance and Results Act of 1993 (P.L. 103-62), agencies are to prepare annual performance plans, which are to contain the agencies' performance goals, among other things. In implementing this act, Treasury has required that its bureaus and the departmental office develop and submit annual performance plans to Congress.

<sup>12</sup>These figures do not include funding or FTEs for IRS/CID; EOAF, which does not receive annual appropriated funding because it is a permanent indefinite account; and OFAC, which does not have funds enacted directly to it because it is an office within the departmental offices salaries and expenses appropriation. Additionally, according to Treasury's Office of Financial and Budget Execution, about \$130 million of the Treasury Forfeiture Funds' "super surplus funds" and about \$75 million of Interagency Crime and Drug Enforcement funds were available in fiscal year 2000 to reimburse the law enforcement bureaus for law enforcement activities.

<sup>13</sup>The FTE figure does not include reimbursable FTEs.

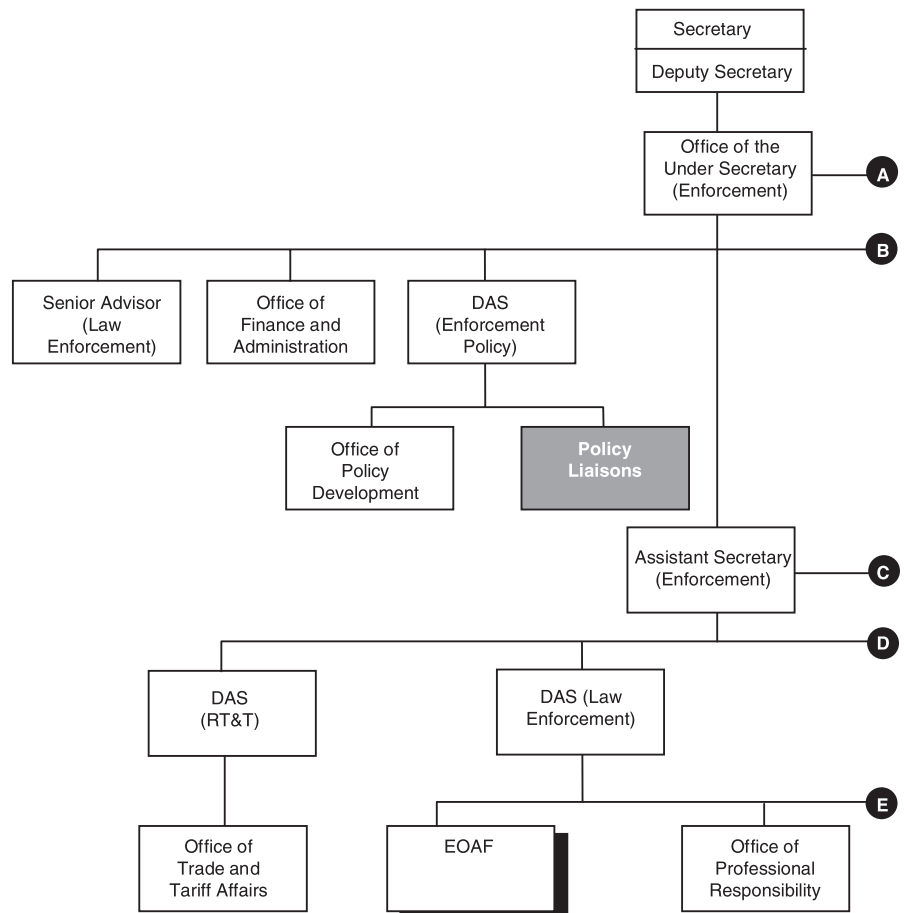
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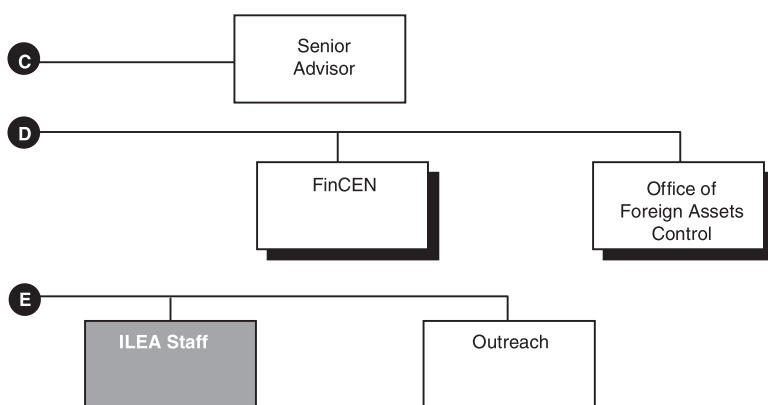
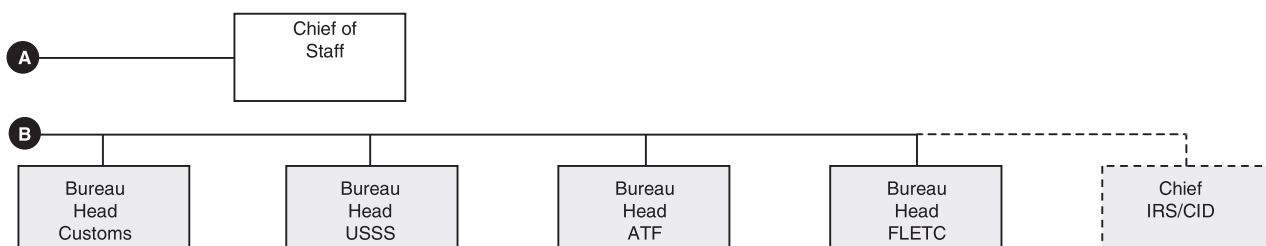
As of September 30, 2000, Enforcement had 42 staff on board, consisting of 24 mission-related and 18 mission-support staff.<sup>14</sup> In addition to these staff, Enforcement also had on board six detailees and one employee for whom Enforcement was reimbursed. Four of the five top Enforcement management positions and one bureau head position are political positions that are subject to turnover with a change in administration. Figure 1 shows an Enforcement organization chart as of September 2000.

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<sup>14</sup>These were mission-related and mission-support staff paid by Enforcement, and they generally fall within the unshaded and unshadowed boxes in the Enforcement organization chart in figure 1.

**Figure 1: Enforcement Organization Chart, as of September 2000**








**Legend:**


ATF - Bureau of Alcohol, Tobacco and Firearms  
 Customs - United States Customs Service  
 DAS - Deputy Assistant Secretary  
 EOAF - Executive Office of Asset Forfeiture  
 FinCEN - Financial Crimes Enforcement Network


FLETC - Federal Law Enforcement Training Center  
 ILEA - International Law Enforcement Academy  
 IRS/CID - Internal Revenue Service's Criminal Investigation Division  
 RT&T - Regulatory, Trade and Tariff Enforcement  
 USSS - United States Secret Service

 Positions and offices funded by Enforcement's allotment from Treasury's appropriation for departmental offices.

 Positions are filled by bureau staff and are funded by bureaus' appropriations.

 Enforcement has a policy guidance relationship to the IRS/CID.

 Offices that are both overseen by Enforcement and are a part of Enforcement, but are not funded by its allotment.

 Law enforcement bureaus that are overseen by Enforcement and funded by separate appropriations.

Source: GAO developed from Enforcement data and discussions with Enforcement officials.

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## Scope and Methodology

We focused our work on those offices within Enforcement that are responsible for providing oversight, policy guidance, and support to Treasury's law enforcement bureaus. These are the Offices of the Under Secretary (Enforcement), the Assistant Secretary (Enforcement), the DAS (Enforcement Policy), the DAS (Law Enforcement), the DAS (Regulatory, Tariff and Trade Enforcement), and Finance and Administration.

To determine Enforcement's resource availability and obligations and, where applicable, why obligations differed from what was available, we interviewed and obtained documentation from Enforcement and FMD officials. The documentation we obtained and reviewed included Enforcement's financial plans and payroll runs and relevant portions of appropriations acts for fiscal years 1994 through 2000. We selected fiscal year 1994 as the starting point for these data because that was the year that the first Under Secretary (Enforcement) was sworn in.

To determine the circumstances under which the law enforcement bureaus are required to interact with Enforcement, versus acting on their own, we interviewed Enforcement officials. Because there was no comprehensive source that indicated when the bureaus are required to interact with Enforcement, we asked Enforcement officials to compile a list of these circumstances and to provide copies of the documentation that spelled out these requirements. We reviewed these documents to determine the extent to which they described the required interaction between Enforcement and the bureaus, such as when and how the bureaus were to interact with Enforcement. To determine whether the bureaus generally have complied with these requirements, the role Enforcement is to play, and how Enforcement communicated its authority to the bureaus, we interviewed Enforcement and bureau officials and obtained and reviewed related documentation.

We also interviewed Enforcement and bureau officials to (1) determine what Enforcement had done to provide oversight, policy guidance, and support to the law enforcement bureaus and (2) identify what factors, if any, have been viewed as barriers to Enforcement in performing its oversight, policy guidance, and support roles, and what actions Enforcement had taken in response to these factors. We summarized these factors and identified broad categories into which they fell. We did not determine to what extent, if at all, the barriers these officials cited have affected Enforcement's ability to fulfill its roles.

Lastly, we developed and administered a DCI to Enforcement officials to gather information on examples of projects in which Enforcement

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engaged from October 1, 1998, through June 30, 2000.<sup>15</sup> Enforcement did not have an inventory of the projects or ongoing efforts related to its oversight, policy guidance, and support roles. Therefore, we requested that Enforcement officials identify and provide data on up to 5 projects or ongoing efforts that were related to each of the 10 strategic goals that either Enforcement or the bureaus it oversees supports. Because the projects and ongoing efforts on which we obtained information are not a statistical sample of all projects and ongoing efforts, the DCI responses may not be representative of all projects or ongoing efforts that Enforcement engaged in during this period. We received 49 completed DCIs.<sup>16</sup> We did not verify the information provided in the DCIs. Appendix I provides (1) Treasury's four missions and the strategic goals for which the Enforcement officials were to complete the DCIs and (2) data on each of the projects or ongoing efforts they described in their DCI responses.

The Enforcement officials we interviewed included the Under Secretary; Assistant Secretary; the DAS (Enforcement Policy); the DAS (Law Enforcement); the DAS (Regulatory, Tariff and Trade Enforcement); and the Director, OF&A. The officials at each of the law enforcement bureaus that we interviewed were (1) generally the bureau heads or deputy directors, assistant directors, or deputy assistant directors and (2) the bureau liaisons.<sup>17, 18</sup> The bureau liaisons we interviewed were either the current or most recent former liaisons.<sup>19</sup> Liaisons are individuals from the law enforcement bureaus who perform a liaison function between their bureaus and Enforcement. They serve as central points of contact for Enforcement by conveying information and collecting data, among other things.

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<sup>15</sup> Enforcement officials were to select projects or ongoing efforts that were in place as of October 1, 1998, or that began on or after October 1, 1998, and before July 1, 2000, including projects still under way when the DCI was completed. This was a mutually agreed to time frame that was designed to be long enough to allow Enforcement officials to select projects and ongoing efforts that demonstrated the type of work Enforcement engaged in to fulfill its roles.

<sup>16</sup> The number of DCIs that Enforcement officials completed for each goal ranged from 2 to 10.

<sup>17</sup> Our reference to law enforcement bureau officials includes those from IRS/CID.

<sup>18</sup> EOAF did not have a bureau liaison to Enforcement.

<sup>19</sup> At the time of our interviews, several of the bureau liaisons had been in their positions for 2 months or less. Because of these staffs' limited experiences in the liaison positions, we spoke with the former liaisons.



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We did our work in Washington, D.C., between April 2000 and February 2001 in accordance with generally accepted government auditing standards. We provided a copy of our draft report to the Secretary of the Treasury. The Acting Under Secretary (Enforcement) provided written comments on the draft and agreed with our recommendation.

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## Enforcement's Resources

Enforcement's basic operations are funded through Treasury's annual appropriation for departmental offices' salaries and expenses. Treasury distributes (or allots) this annual appropriation among various programs and offices, including Enforcement. For example, in fiscal year 2000, Congress appropriated about \$134 million for the departmental offices' salaries and expenses appropriation.<sup>20</sup> Of this total, Treasury's FMD allotted about \$5.2 million to Enforcement for its annual operations, including its oversight, policy guidance, and support roles.<sup>21</sup>

FMD allots these annual operating funds to Enforcement through a financial plan. The initial financial plan indicates the amount of funds Enforcement has available for the fiscal year.<sup>22</sup> The resources made available to Enforcement through its initial financial plans for fiscal years 1994 through 2000 ranged from about \$2.3 million in fiscal year 1996 to \$5.2 million in fiscal year 2000. Throughout the fiscal year, FMD can increase or decrease the financial plan for a variety of reasons, including the rate at which Enforcement has obligated its funds during the fiscal year and funding needs elsewhere in Treasury. For example, according to FMD officials, at the Secretary's discretion, funds may be reallocated to support the Secretary's priorities. For fiscal years 1994 through 2000, the percentage of funding from the initial financial plan that Enforcement

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<sup>20</sup>Treasury Department Appropriations Act, 2000, P.L. 106-58, 113 stat. 430 (1999).

<sup>21</sup>In addition to these basic annual operating funds, Enforcement has received other funding, according to Enforcement and FMD officials. This funding consisted of (1) funds from the departmental offices' salaries and expenses appropriation for special projects or purposes; (2) multiyear or no-year (i.e., budget authority that remains available for obligation for an indefinite period of time) funds that were appropriated by Congress or transferred from other Treasury bureaus or federal agencies to Treasury's departmental offices for Enforcement; and (3) funds that Enforcement obligated out of its allotment from the departmental offices' salaries and expenses appropriation and for which it was reimbursed. For additional information, see appendix II.

<sup>22</sup>The annual financial plan that FMD uses to allot funds to Enforcement is broken out by "object" classifications that include personnel (e.g., personnel compensation and benefits) and nonpersonnel classifications (e.g., travel, equipment, and supplies and materials). The financial plan also provides the number of authorized FTEs for Enforcement.

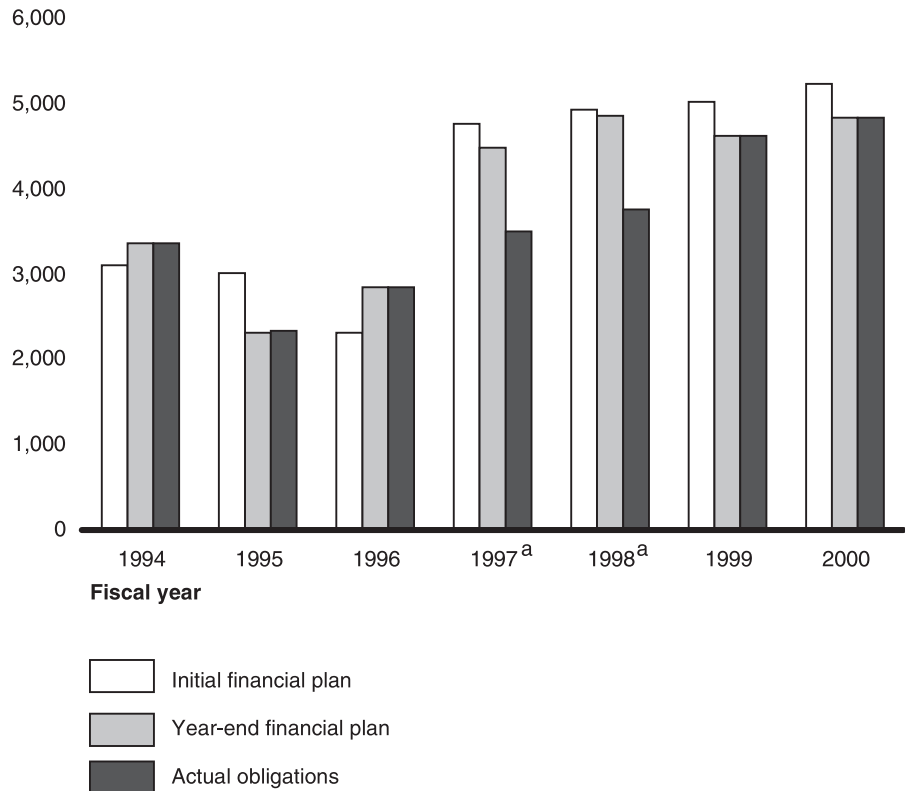
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obligated ranged from about 74 percent (in fiscal year 1997) to about 124 percent (in fiscal year 1996). Cumulatively, from fiscal years 1994 to 2000, about \$28.3 million had initially been made available to Enforcement through FMD, and Enforcement obligated about \$25.2 million of these funds.

Figure 2 shows Enforcement's initial financial plan, year-end financial plan, and actual obligations of its annual operating funds for fiscal years 1994 through 2000.

**Figure 2: Enforcement's Initial and Year-End Financial Plans for and Actual Obligations of Its Annual Operating Funds, Fiscal Years 1994 Through 2000**

Dollars in thousands



<sup>a</sup>These figures include funding for the Office of Professional Responsibility (OPR), which was created within Enforcement pursuant to congressional direction provided during the fiscal year 1997 appropriations process. (See H.R. Conf. Rep. No. 104-863 at 1139 (1996).) OPR funding for fiscal years 1997 and 1998 was provided separately from the Treasury departmental offices' salaries and expenses account. (See Treasury Department Appropriations Act, 1997, P.L. 104-208, 110 Stat. 3009, 3009-315, (1996) and Treasury Department Appropriations Act, 1998, P.L. 105-61, 111 Stat. 1272, 1273, (1997).) Congressional action, effective fiscal year 1999, moved the funding for OPR into the departmental offices' salaries and expenses account, and FMD included this funding in Enforcement's financial plans. (See H.R. Conf. Rep. No. 105-825 at 1473 (1998).)

Source: GAO developed from Treasury's Financial Management Division data.

In 5 of the 7 fiscal years from 1994 to 2000, Enforcement obligated fewer funds than it had available through its initial financial plan. In 3 of the 5 fiscal years—1995, 1997, and 1998—Enforcement obligated about three-quarters of its available funds. In the remaining 2 fiscal years—1999 and 2000—Enforcement obligated about 92 percent of its available funds. Enforcement and FMD officials said that a principal reason that Enforcement did not obligate all of its available funds was due to

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Enforcement's not obligating all of the funds it had available for personnel expenses. According to an Enforcement official, Enforcement had not always hired staff quickly enough, which created a surplus of personnel funds and ultimately led to FMD's reducing Enforcement's financial plan. Enforcement officials cited a variety of issues they have faced relating to hiring staff. These issues included a lengthy hiring process, including the background and security investigations; difficulty in filling positions because qualified people were in high demand; length of time it took to get approval from the Office of Management to fill a position; Office of Management's not approving the filling of a position; and Enforcement's being slow in selecting candidates. Enforcement officials said that the major reason for underobligating available funds in fiscal years 1997 and 1998 was that Enforcement experienced major impediments in staffing its newly established Office of Professional Responsibility (OPR), which was funded by Treasury's fiscal year 1997 appropriation.<sup>23</sup>

In the remaining 2 of the 7 fiscal years (1994 and 1996), Enforcement's obligations were greater than its initial financial plan. Both personnel and nonpersonnel-related factors, such as equipment purchases, were the reasons for Enforcement's obligating more than it had available through its initial financial plan.

Figure 3 shows the number of FTEs authorized for Enforcement by the Assistant Secretary for Management<sup>24</sup> and the number of FTEs that Enforcement had used as of the end of each fiscal year.<sup>25</sup> For fiscal years 1994 through 2000, the number of FTEs that Enforcement was authorized ranged from 31 in 1996 to 51 in 2000. The number of FTEs used ranged from 23 in fiscal year 1995 to 51 in fiscal year 2000.

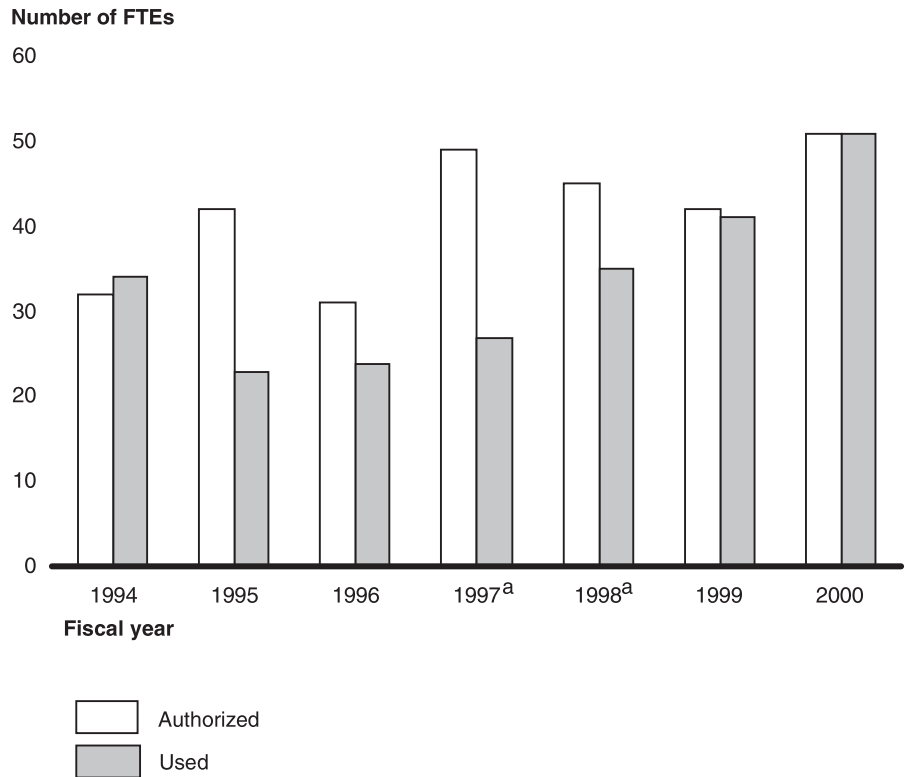
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<sup>23</sup> An OPR within the Office of the Under Secretary for Enforcement was created pursuant to congressional direction provided during the fiscal year 1997 appropriations process.

<sup>24</sup> The Assistant Secretary for Management is the head of Treasury's Office of Management and is Treasury's Chief Financial Officer.

<sup>25</sup> These figures do not include FTEs for staff for which Enforcement was reimbursed or who were detailed to Enforcement.

**Figure 3: FTEs Authorized for and Used by Enforcement, Fiscal Years 1994 Through 2000**



Note: These figures do not include FTEs for staff for which Enforcement was reimbursed or who were detailed to Enforcement.

<sup>a</sup>These figures include the FTEs for OPR. OPR funding for fiscal years 1997 and 1998 was provided separately from the Treasury departmental offices' salaries and expenses account. Congressional action, effective fiscal year 1999, moved the funding for OPR into the departmental offices' salaries and expenses account, and FMD included the FTEs authorized through this funding in Enforcement's financial plans.

Source: GAO developed from Treasury's Financial Management Division data.

## Law Enforcement Bureaus' Interactions With Enforcement

No comprehensive source provided guidance to either Enforcement staff or the bureaus on the circumstances under which bureaus are required to interact with Enforcement. At our request, Enforcement officials compiled a list of those circumstances. The 29 circumstances they identified included personnel activities, such as awarding bonuses to senior managers; fiscal activities, such as reviewing annual budget submissions; and a wide variety of activities related to specific law enforcement programs of the bureaus, such as making payments to informants. For 12

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of these circumstances, no established documentation existed that prescribed interaction requirements. For many of the 17 other circumstances, the documentation generally was broad in nature and did not provide explicit guidance to the bureaus on such things as when and how they were to interact with Enforcement.

About one-half of the bureau officials we interviewed said that they either were not aware of written requirements for their bureaus' interactions with Enforcement or that they knew when to interact through such factors as their professional responsibility, experience, judgment, or common sense. According to Enforcement officials, Enforcement's role in these interactions depended on various factors, such as the particular issue or type of product to be generated and its level of importance. According to Enforcement officials, they used various methods, including Treasury orders and directives and regular meetings with the bureau heads and liaisons, to establish Enforcement's authority and to communicate policies, procedures, and other information to the bureaus.

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## Enforcement Did Not Adequately Meet Internal Control Standards

With regard to interacting with the bureaus, Enforcement did not adequately meet the standards for internal control established by GAO.<sup>26</sup> Documentation on the circumstances under which law enforcement bureaus are required to interact with Enforcement was not readily available from Enforcement officials. As a result, we asked Enforcement officials to compile a list of these circumstances. We also asked for the corresponding documentation that requires these interactions. The officials noted that Enforcement did not have a policies and procedures manual, and that all of these requirements may not be in writing. For example, they said that some requirements may be informal and have become practice over time. The data that these officials compiled are shown in table 1.

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<sup>26</sup> *Standards for Internal Control in the Federal Government* (GAO/AIMD-00-21.3.1, Nov. 1999).

**Table 1: Circumstances Under Which Bureaus Are Required to Interact With Enforcement and the Corresponding Documentation**

<b>Circumstances under which bureaus are required to interact with Enforcement</b>	<b>Documentation requiring the interaction</b>
Weekly activity reports	No established documentation exists
Major rulings	No established documentation exists
Significant bureau activities	No established documentation exists
Designation of National Special Security Events	No established documentation exists <sup>a</sup>
Certain Freedom of Information Act appeals	No established documentation exists—documentation created on a case-by-case or yearly basis <sup>b</sup>
Budget data requests from OMB	No established documentation exists—documentation created on a case-by-case or yearly basis <sup>b</sup>
Supplemental budget proposals	No established documentation exists—documentation created on a case-by-case or yearly basis <sup>b</sup>
Positions for inclusion in interdepartmental reports (e.g., International Narcotics Controlled Strategy Report, Counterterrorism Plan)	No established documentation exists—documentation created on a case-by-case or yearly basis <sup>b</sup>
Major memorandum of understanding	No established documentation exists—documentation created on a case-by-case or yearly basis <sup>b</sup>
Performance measures (i.e., development of measures and reports on performance)	No established documentation exists—documentation created on a case-by-case or yearly basis <sup>b</sup>
Annual budget submissions	No established documentation exists—documentation created on a case-by-case or yearly basis <sup>b</sup>
Appeals <sup>c</sup>	No established documentation exists—requirements in 19 CFR vary on the basis of the type of decision being appealed
Performance appraisals of senior managers	1999 memorandum from the Assistant Secretary for Management to bureau heads
Bonuses for senior managers	1999 memorandum from the Assistant Secretary for Management to bureau heads
Candidates to receive Secret Service protection	18 U.S.C. 3056
Payments to informants	<i>Secretary of the Treasury's Guidelines for Seized and Forfeited Property</i>
Acceptance of forfeited items	<i>Secretary of the Treasury's Guidelines for Seized and Forfeited Property</i>
Correspondence for departmental signature	<i>Treasury Executive Secretariat Procedures Manual</i>
Reports to be published	<i>Treasury Executive Secretariat Procedures Manual</i>
Testimony, for review and clearance	Treasury Directive 28-02 and <i>Treasury Executive Secretariat Procedures Manual</i>
Regulations to be published	Treasury Directive 28-01 and <i>Treasury Executive Secretariat Procedures Manual</i>
Fleet management information	Treasury Directives 74-01 and 74-06
Penalty cases	Treasury Directive 00-58
Plans for agency reorganization	Treasury Directive 21-01
Legislation, for review and clearance	Treasury Directive 28-02
Reports to Congress	Treasury Directive 28-02
Responses to questions for the record	Treasury Directive 28-02
Major cases	1999 memorandum from Enforcement Chief of Staff to bureau liaisons
Acceptance of gifts	1999 memorandum from Under Secretary (Enforcement) to bureau liaisons

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Note: When providing the documentation that indicates that the bureaus are to interact with Enforcement, Enforcement officials identified two other circumstances that were not on the original listing that they provided. These circumstances were press releases and certain Privacy Act appeals. Because these circumstances were not on the listing that we showed the bureau officials, we did not include them in this table.

<sup>a</sup>According to an Enforcement official, a Treasury/DOJ interagency working group is developing criteria and guidelines for designating National Special Security Events.

<sup>b</sup>Specific requirements have been developed and documented on a case-by-case or yearly basis, according to Enforcement officials, but no established documentation exists requiring interaction under this circumstance.

<sup>c</sup>These are appeals of Customs rulings.

Source: Enforcement officials and GAO analysis of documentation.

Twelve of the 29 circumstances under which the bureaus are to interact with Enforcement lacked established documentation, as shown in table 1. According to Enforcement officials, however, documentation is created on a case-by-case or yearly basis in eight of these circumstances. For example, for major memorandums of understanding, review procedures are established as each memorandum is developed, according to Enforcement officials. In 11 of the 17 circumstances for which established documentation existed, the documentation was generally broad in nature and did not provide explicit information on the expected interaction between Enforcement and the bureaus. For example, some of the documentation consisted of Treasurywide documents, such as directives, that identified items that had to be cleared through the appropriate departmental offices (e.g., Enforcement) before being finalized. These documents were not specific to Enforcement and, therefore, did not provide specific guidance to the law enforcement bureaus on such things as the procedures that the bureaus should follow to clear items through Enforcement, who the bureaus should contact in Enforcement, and the necessary time frames for getting the clearances. The documentation for the remaining six circumstances provided more specific guidance to the bureaus.

About one-half of the bureau officials we interviewed said that they either were not aware of written requirements for their bureaus' interactions with Enforcement or that they knew when to interact through such factors as their professional responsibility, experience, judgment, or common sense.<sup>27</sup> Two other liaisons said that they learned how to do their jobs by

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<sup>27</sup>One official reported also relying on input from their director to determine when to interact with Enforcement.



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shadowing or getting an orientation from their predecessors. One of these two liaisons reported no receipt of documentation providing guidance, and the other reported having a “learn as you go” experience.

GAO’s standards for internal control state that an agency’s internal control needs to be clearly documented, and that the documentation should be readily available for examination. Control activities include the policies, procedures, techniques, and mechanisms that enforce management’s directives for meeting the agency’s objectives. Furthermore, the standards say that, for an agency to run and control its operations, it must have relevant, reliable, and timely communications relating to internal and external events. The standards also say that pertinent information should be identified, captured, and distributed in a form and time frame that permits people to perform their duties efficiently.

Enforcement needs to ensure that a clearly defined and documented set of policies and procedures, covering such issues as the circumstances under which the bureaus are to interact with Enforcement, are readily available for examination by Enforcement and bureau officials. Such documentation would help ensure that (1) these officials would know specifically when and how the bureaus are to interact with Enforcement and (2) Enforcement will receive relevant information in a timely manner. Lacking such information, Enforcement may not be able to perform its functions and meet its goals efficiently. Furthermore, as a part of a new administration, incoming Enforcement officials may find the transition to their new roles less cumbersome if clearly documented policies and procedures were available regarding when and how bureaus are required to interact with Enforcement.

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## Bureau Officials Cited Examples of How They Complied With Enforcement's Interaction Requirements

After reviewing the table 1 data on the circumstances under which the bureaus are required to interact with Enforcement, bureau officials<sup>28</sup> generally concurred that their offices would interact with Enforcement in these circumstances.<sup>29</sup> Bureau officials cited examples of when they have complied with these requirements. For example, officials from FLETC stated that Enforcement was actively involved in the development of FLETC's annual budget submission. The director said that FLETC would develop the first draft of the budget, and that Enforcement would review the draft for such things as whether it supported Treasury's strategic plan. Similarly, an official from the Secret Service said that the Service sends its strategic and performance plans and its performance reports to Enforcement for review and comment. Another Secret Service official provided, as an example, a recent instance in which the bureau informed Enforcement of an inquiry the bureau had received to provide Secret Service protection to an individual involved in the recent presidential campaign.

Several bureau officials further explained that they communicated with Enforcement on significant or major matters or events. These officials provided us with definitions of what they considered to be significant or major. Some examples that they provided to us related to issues that could invoke inquiries from the media or the Under Secretary; issues that could affect relationships with other bureaus or external stakeholders, such as OMB; and departures from the bureaus' normal courses of action.

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## Enforcement's Role in Bureau Activities

According to Enforcement officials, Enforcement's role in the circumstances in which the bureaus are to interact with Enforcement was dependent on such factors as the particular issue or type of product to be generated and its level of importance. For example, for some written products that would be incorporated into a report, Enforcement officials' role may be limited to reading and editing the bureaus' products and forwarding them to the office that is responsible for submitting the report. An area in which Enforcement was heavily involved, according to

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<sup>28</sup>We did not review this list with officials in three interviews. An Enforcement official noted that OFAC, which reports to the Assistant Secretary (Enforcement), and EOAF, which reports to the DAS (Law Enforcement), have more specific interaction requirements because these offices are located within the Office of Enforcement.

<sup>29</sup>Both Enforcement and bureau officials noted that not all of these circumstances, such as payments to informants and major rulings, were applicable to all of the bureaus.

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Enforcement officials, was the bureaus' annual budget submissions. Enforcement's involvement included reviewing the budgets to ensure that they reflected Enforcement's priorities and advocating for the bureaus with Treasury' Office of Management and OMB throughout the budget process.

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**Enforcement Officials  
Identified Methods They  
Use to Communicate  
Authority and Policies to  
Bureaus**

According to Enforcement officials, Enforcement uses a variety of methods to establish authorities and communicate policies, procedures, guidelines, reporting requirements, and information to the bureaus. Methods that these officials described to us as being used included the following:

- Bureau heads meetings: These meetings are to be held every other week between the Under Secretary and senior Enforcement officials and bureau heads.
- Individual bureau head meetings: These meetings are to be held every other week between the Under Secretary and individual bureau heads. The Assistant Secretary also is to hold regular one-on-one meetings with the Directors of FinCEN and OFAC.
- Monthly case briefings: These meetings are to be held monthly by the Under Secretary with bureau staff to get in-depth briefings on significant investigations.
- Significant case briefings: In addition to the monthly case briefings, as appropriate, bureaus are to brief the Under Secretary, Assistant Secretary, and staff on significant or high-visibility cases.
- Weekly written reports to the Under Secretary: These reports are to contain information on significant activities from bureau heads.
- Daily bureau liaisons meetings: Daily briefings by bureau liaisons to the Under Secretary in which various topics, such as press-worthy issues, arrests, seizures, and important events, are to be discussed.
- Informal staff-to-staff contacts: Daily interactions between Enforcement and bureau staff during which issues affecting the bureaus are to be discussed.

Other methods of communication identified by Enforcement officials included Treasury orders and directives; ad hoc groups established to address budget, operational, or other issues that require a more intense focus for a short period of time; working groups established to address long-range or ongoing issues, such as the Treasury Enforcement Council working groups; and memorandums from Enforcement management or staff.

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Some of these methods were initiated after ATF's 1993 raid of the Branch Davidian Compound, in Waco, TX, according to congressional testimony by a former Under Secretary (Enforcement) and a Treasury report reviewing the raid.<sup>30</sup> These steps were taken, at least in part, to improve oversight and formal and informal communication between the bureaus and Treasury, according to the Under Secretary's testimony. The methods initiated or reactivated at that time included (1) regular meetings between the Under Secretary's office and the bureau heads and (2) the Treasury Enforcement Council working groups. Additionally, the former Under Secretary stated that he issued a directive in August 1993 requiring that Enforcement be informed of any significant operational matters that affect any of the bureaus' missions, including major, high-risk law enforcement operations.

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## Enforcement Activities Intended to Fulfill the Oversight, Policy Guidance, and Support Roles

Enforcement staff engaged in various activities to carry out Enforcement's oversight, policy guidance, and support roles. These activities included projects and ongoing efforts (i.e., continuous projects with no fixed end date) that were related to a specific issue, according to Enforcement officials. We collected data on these projects and ongoing efforts through a DCI. Additionally, to fulfill its roles, Enforcement staff engaged in discrete functions on more limited efforts. Another important role that various Enforcement and bureau officials emphasized was Enforcement's advocacy role for the bureaus, both within and outside of Treasury.

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## Projects and Ongoing Efforts

Enforcement officials completed 49 DCIs that described projects and ongoing efforts undertaken by Enforcement from October 1, 1998, through June 30, 2000. Table 2 provides summary information from the DCIs on one project and one ongoing effort for each of Enforcement's three roles. The responses for each of the DCIs that Enforcement completed are provided in appendix I.

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<sup>30</sup> *Federal Actions at Waco, Texas: Hearings before the Subcomm. on Crime of the House Comm. on the Judiciary*, 104th Cong. (1995) (Statement of Ronald K. Noble, Under Secretary of the Treasury for Enforcement). *Report of the Department of the Treasury on the Bureau of Alcohol, Tobacco, and Firearms Investigation of Vernon Wayne Howell also known as David Koresh*, September 1993.

**Table 2: Summaries of Example Projects and Ongoing Efforts That Enforcement Engaged in That Were Related to Its Oversight, Policy Guidance, and Support Roles**

<b>Role and type of effort</b>	<b>Summary of project or ongoing effort</b>
<b>Oversight</b>	
Project	Customs Service Internal Affairs Review: As a result of a statutory requirement, Enforcement conducted an assessment of the vulnerabilities to corruption and the effectiveness of Customs' Office of Internal Affairs. Enforcement collected data and statistics from Customs on case investigative files and internal policies and procedures, developed strategies to improve Customs' procedures, and prepared briefing papers for Treasury officials on the progress and findings of the review. This project began in March 1998 and ended in February 1999 with the submission to Congress of a formal report of the review.
Ongoing effort	Training Group: Enforcement initiated the Training Group to advise the Under Secretary on the overall training programs and training initiatives in Treasury's law enforcement bureaus. Enforcement conducted an assessment of firearms requirements for Treasury law enforcement officers; drafted an assessment report; and briefed the Under Secretary, senior bureau officials, Members of Congress, and local law enforcement. This ongoing effort began in February 1998.
<b>Policy guidance</b>	
Project	Interagency Commission on Crime and Security in U.S. Seaports: Enforcement took the lead in coordinating the establishment of the Interagency Commission on Crime and Security in U.S. Seaports. Enforcement gathered information on the cost of establishing the commission, prepared briefing materials for the Secretary to explain the establishment of the commission, and served on the commission. This project began in November 1998 and ended in October 2000.
Ongoing effort	Child Labor Advisory Committee: Enforcement became involved in this effort because the child labor issue is broader than just a Customs issue and Enforcement is able to provide a broader perspective. Enforcement chaired and oversaw the activities of this advisory committee. Enforcement worked with Customs to revamp Customs' regulations with regard to seizure of goods made with "slave labor," including child slave or indentured labor. Enforcement's participation in the project included chairing and overseeing activities of the advisory committee, reviewing draft text by Customs and other agencies on child labor issues, and negotiating with officials of foreign country agencies to enforce Child Labor Import Standards. This ongoing effort began in January 1998.
<b>Support</b>	
Project	2000 Campaign: A statutory requirement directs Enforcement to coordinate requests for Secret Service protection from prospective major presidential and vice presidential candidates. Enforcement coordinates all requests for protection and makes recommendations to the Secretary of the Treasury. Enforcement collects manpower data from the other bureaus that support the Secret Service and plays a role in the campaign's budget process. This project began in October 1999 and is anticipated to end in March 2001.
Ongoing effort	Youth Crime Gun Interdiction Initiative and Anti-Trafficking: Enforcement supported ATF in its efforts to reduce juvenile and youth violence. Enforcement worked with ATF to develop this initiative, drafted language on the initiative and illegal market enforcement strategies for speeches presented by Treasury and White House officials, and delivered annual testimony addressing the initiative. This ongoing effort began in September 1995.

Source: GAO summary of DCIs completed by Enforcement officials.

According to the responses to our DCI, 18 of the 49 example projects and ongoing efforts undertaken by Enforcement from October 1, 1998, through June 30, 2000, primarily supported Enforcement's oversight role; 19 supported Enforcement's policy development and guidance role; and the remaining 12 related to Enforcement's support role. Twenty-three of the reported activities related to ongoing efforts—that is, continuous projects with no fixed end date. Of the 49 example projects and ongoing efforts,

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Enforcement initiated 14 and 21 were initiated as a result of statutory requirements, other congressional direction, a presidential initiative, or other factors, such as a request by the Deputy Secretary of the Treasury to initiate the project or effort. The remaining 14 projects and ongoing efforts were initiated due to a combination of the two reasons—that is, they were self-initiated and initiated due to statutory requirements, other congressional direction, a presidential initiative, or other factors.

Enforcement’s involvement in these projects and efforts was usually due to multiple factors. Some frequently cited reasons why Enforcement became involved included the following:

- Treasury was directed to participate by congressional direction or presidential initiative.
- The effort involved high-visibility issues or major policy issues.
- The issue was broader than one bureau. Enforcement was able to provide a broader perspective than a single bureau could provide.
- The effort required coordination with or outreach to multiple entities, such as multiple Treasury bureaus and offices; federal departments or agencies; state and local entities; foreign governments; and/or private sector organizations.

Almost all of Enforcement’s projects and ongoing efforts involved other federal departments or agencies. Most frequently identified were DOJ (30 DCIs), OMB (26 DCIs), the Federal Bureau of Investigation (22 DCIs), and the Department of State (19 DCIs). Forty-one of the projects and ongoing efforts involved Treasury offices other than Enforcement or the law enforcement bureaus, such as the Office of General Counsel (29 DCIs), the Office of Management (23 DCIs), and the Office of Legislative Affairs (12 DCIs).

Enforcement officials identified the various functions that Enforcement staff performed on each project and ongoing effort. The following are the functions that were identified most frequently (i.e., the function was performed on at least 39 of the 49 projects or efforts).

- Briefing officials, such as the Secretary or Deputy Secretary of the Treasury; Members of Congress or their staff; the Under Secretary or Assistant Secretary (Enforcement); and staff from OMB and DOJ, including the Attorney General.
- Collecting data from the Treasury law enforcement bureaus or other entities associated with the particular project. For example, the Five-Year Counterterrorism Plan project involved Enforcement’s gathering,

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reviewing, organizing, and providing information on the bureaus' current counterterrorism activities and proposals for new programs.

- Coordinating with entities such as the Treasury law enforcement bureaus and other federal departments and agencies, including DOJ, OMB, and the Office of Personnel Management.
- Preparing background materials for, among others, senior Treasury officials, including the Secretary or Deputy Secretary of the Treasury; the Under Secretary or Assistant Secretary (Enforcement); and various committee members, such as members of the money laundering strategy interagency group.
- Overseeing or monitoring such things as law enforcement bureaus' and other entities' implementation of programs or action items. For example, on a North American Free Trade Agreement Working Group project, Enforcement oversaw the United States', Mexico's, and Canada's implementation of regulations related to Customs.
- Developing or drafting programs, initiatives, and strategies. For example, for the National Church Arson Task Force project, Enforcement worked in coordination with ATF, DOJ, and others to develop guidelines and strategies for federal law enforcement agencies' investigation of church arson incidents.

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## Discrete Functions Performed on More Limited Efforts

In addition to the work that Enforcement staff performed on specific projects or ongoing efforts, they may perform similar, discrete functions on more limited efforts throughout the year, according to Enforcement officials. These functions included the following:

- collecting data (e.g., from bureaus/offices);
- preparing briefing or background materials;
- briefing officials;
- developing or drafting such things as reports, programs, initiatives, strategies, policies, directives, standards, and regulations;
- overseeing or monitoring such things as programs, activities, and operations;
- reviewing written products, such as drafts, testimonies, and plans, and program results;
- developing or reviewing budget proposals or seeking funding;
- coordinating with other agencies, bureaus, or other entities or mediating disputes;
- writing correspondence or speeches; and
- delivering speeches or testifying.

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For example, one Enforcement official said that the Office of Policy Development receives requests on a daily basis to provide Enforcement's comments on draft or proposed legislation, testimonies, press releases, or other material.

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### Enforcement and Bureau Officials Noted the Importance of Enforcement's Advocacy Role

Several officials in Enforcement and the bureaus said that Enforcement has a key role as an advocate for the bureaus, both within and outside of Treasury. In particular, various officials cited the importance of Enforcement's being an advocate for the bureaus' budgets before the Secretary of the Treasury, Office of Management, and OMB.

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### Officials' Views on Barriers to Enforcement in Fulfilling Its Roles

During interviews, we asked Enforcement and bureau officials<sup>31</sup> for their views on what, if anything, were barriers to Enforcement's fulfilling its oversight, policy guidance, or support roles.<sup>32</sup> We interviewed 24 Enforcement and bureau officials, 17 of whom cited at least 1 factor that they considered a barrier to Enforcement. We did not determine to what extent, if at all, these cited barriers affected Enforcement's ability to fulfill its roles, but rather, we summarized the testimonial information provided to us by interviewees. In discussing the cited barriers with Enforcement officials, they said they generally understood the views presented even though they did not always concur with them. These officials identified two issues that affected their ability to fully address the cited barriers—lack of control over the barrier and lack of resources.

Enforcement and bureau officials cited a variety of factors as having been barriers to Enforcement in fulfilling its roles. These factors tended to fall into two categories—factors that related to Enforcement's internal operations, such as a need for better internal communications, and factors related to operations or resources outside of Enforcement's control. Lengthy processes within Treasury and the need for more resources for oversight are examples of barriers in the latter category. The liaisons tended to cite internal factors, while Enforcement and other bureau officials tended to identify external factors.

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<sup>31</sup>Due to time constraints, for one bureau, we covered this topic only with the liaison.

<sup>32</sup>In the course of discussing other issues during the interviews, officials also identified factors that they saw as hindering Enforcement.



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Table 3 shows our categorization of the factors identified by the officials. With the exception of the factor concerning Enforcement's needing more resources, none of the 24 other factors were cited by more than 3 officials. The need for more resources was cited as a barrier by seven officials.

**Table 3: Factors Identified by Enforcement and Bureau Officials as Having Been a Barrier to Enforcement in Fulfilling Its Roles**

<b>Categorization of factors</b>	<b>Factors</b>
<b>Internal</b>	
Administrative	Enforcement always starting from scratch—does not think about data already have or who to request data from
	Poor communication within Enforcement
	Enforcement is slow to move paper
	Lack of time
	Staff not co-located with the Deputy Assistant Secretary who oversees them
Management and staff	Political appointees pressing own agenda
	Too heavy a reliance on detailees from the bureaus who have divided loyalties—that is, to their bureaus and to Enforcement
	Enforcement’s lack of desire to push or be on the vanguard of issues
	Enforcement management tends to work on the subjects that they know best—criminal law enforcement, not regulatory enforcement
	Enforcement management lack of experience. For example, these managers lack <ul style="list-style-type: none"> <li>• budget and management backgrounds when appointed; therefore, they have long learning curves</li> <li>• law enforcement background and experience</li> </ul>
	Lack of continuity between administrations and, therefore, downtime
Other	Temporary circumstances (e.g., loss of a staff member)
<b>External</b>	
Administrative issues	Lengthy processes within Treasury
	Need more flexible hiring and a quicker hiring process
	Getting positions authorized through the Office of Management
	Enforcement needs more resources <ul style="list-style-type: none"> <li>• for OF&amp;A to analyze budgets and strategic plans</li> <li>• for oversight and/or policy</li> <li>• to keep the Under Secretary and Assistant Secretary informed of issues</li> </ul>
Need for additional support from other Treasury offices	Need more effort from Office of Legislative Affairs
	Shortage of resources in Office of Public Affairs affects its ability to support Enforcement
	Under Secretary’s and/or Enforcement’s lack of status/priority in Treasury
	Tough for some Treasury Secretaries to understand that certain bureaus serve other departments and agencies and to provide resources commensurate to that service
Insufficient/Unclear authority to do job	Lack of control over bureaus’ budgets, actual or perceived
	Under Secretary’s or Deputy Assistant Secretary’s lack of line or chain of command authority over the bureaus; cannot tell the bureaus what to do
	The role that the Under Secretary should play and what the Under Secretary should do is murky

Categorization of factors	Factors
	Murky relationship between Under Secretary and bureaus
	Under Secretary position does not seem to have the clout that the Attorney General has <sup>a</sup>
	Enforcement seems to have no clout with Congress
Other	Lack of interest in compliance measurement by non-Treasury agencies and organizations (e.g., OMB and the Congress)

<sup>a</sup>When discussing these factors with Enforcement officials, they noted that the Attorney General position is a cabinet-level position, whereas the Under Secretary position is not.

Source: Factors cited during interviews with Enforcement and bureau officials. GAO developed the specific categories on the basis of these factors.

## Enforcement Officials Identified Efforts to Address Cited Barriers

Enforcement officials indicated that Enforcement had taken actions to try to mitigate some of the barriers that were identified. For example, regarding the view that the Under Secretary does not seem to have enough clout, an Enforcement official said that each Under Secretary has tried to raise the profile of the office and to reach out and develop relationships with his counterparts in other departments. The official agreed that Treasury processes can be lengthy, particularly the clearance processes. The official said that Enforcement tries to identify the highest priority items and that Enforcement staff ensure that others in Treasury understand the priority and process the items as quickly as possible. Regarding the belief that there is a lack of continuity between administrations, Enforcement officials noted that Enforcement has increased the number of career staff in its office to ensure that there are staff who have a historical knowledge of how Enforcement works and what the bureaus do.

Enforcement officials provided us with other examples of Enforcement's taking actions to mitigate some of the cited barriers. Related to the view that Enforcement needs more effort from the Office of Legislative Affairs, an Enforcement official said that in the past, Enforcement has detailed bureau staff to the Office of Legislative Affairs and has offered to give this office one of Enforcement's FTEs. Additionally, the official said that Enforcement has invited the Office of Legislative Affairs staff to attend the Enforcement staff meetings. Regarding Enforcement's lack of control over bureaus' budgets, the official discussed Enforcement's advocacy efforts both within Treasury and at OMB, which includes educating the Office of Management on the bureaus' needs.

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## Conclusions

No comprehensive source provided guidance to either Enforcement staff or the bureaus on the circumstances under which bureaus are required to interact with Enforcement. In addition, established documentation did not exist for 12 of the 29 circumstances under which the bureaus are required to interact with Enforcement, and when it did exist, the documentation was generally broad in nature and did not provide explicit information on the expected interaction between the bureaus and Enforcement. About one-half of the bureau officials we interviewed said that they were not aware of written requirements for their bureaus' interactions with Enforcement or that they knew when to interact through such factors as their professional responsibility, experience, judgment, or common sense.

An agency's internal control needs to be clearly documented and that documentation should be readily available for examination. Without a clearly defined and documented set of policies and procedures covering operational and communications activities, Enforcement runs the risk of not being able to perform its functions and meet its goals efficiently. Furthermore, since a number of Enforcement and bureau positions are political appointments that are subject to turnover with a change in administration, a clearly defined and documented set of policies and procedures could smooth transitions.

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## Recommendation for Executive Action

We recommend that the Secretary of the Treasury direct the Under Secretary (Enforcement) to strengthen internal control by developing a policies and procedures manual to ensure that the policies and procedures on the circumstances under which the bureaus are to interact with Enforcement are clearly defined, documented, and readily available for examination by bureau officials and others.

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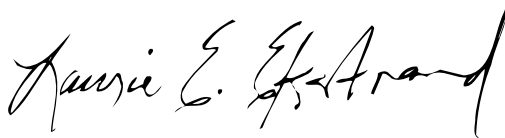
## Agency Comments

We requested comments on a draft of this report from the Secretary of the Treasury. On February 22, 2001, the Acting Under Secretary (Enforcement) provided written comments conveying Enforcement's agreement with our recommendation. This letter is reproduced in appendix III. The Acting Under Secretary stated that Enforcement has initiated a project to plan and develop an Enforcement policies and procedures manual, and that Enforcement is working with bureau personnel to ensure that the end product is a meaningful document. He noted that the proposed manual would contain a subsection with specific direction and guidance for the liaisons assigned to Enforcement from each bureau.

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We are providing copies of this report to the Honorable Paul H. O'Neill, Secretary of the Treasury, and James F. Sloan, Acting Under Secretary (Enforcement). We will also make copies available to others upon request.

The major contributors to this report are acknowledged in appendix IV. If you or your staff have any questions concerning this report, please call Weldon McPhail or me on (202) 512-8777.

A handwritten signature in black ink, reading "Laurie E. Ekstrand". The signature is fluid and cursive, with the first name "Laurie" and last name "Ekstrand" clearly legible.

Laurie E. Ekstrand  
Director, Justice Issues

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# Appendix I: Selected Projects and Ongoing Efforts Relating to Enforcement's Oversight, Policy Guidance, and Support Roles

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To determine what projects or activities the Department of the Treasury's Office of Enforcement had undertaken to provide oversight, policy guidance, and support to law enforcement bureaus, we administered a data collection instrument (DCI) to Enforcement officials. We asked these officials to provide information on the projects and ongoing efforts (i.e., continuous projects with no fixed end date) that Enforcement staff had engaged in to carry out its responsibilities from October 1, 1998, to June 30, 2000.<sup>1</sup> We specifically asked Enforcement officials to complete a DCI for up to five projects or ongoing efforts that were related to each of the strategic goals supported by either Enforcement or the bureaus it oversees. The DCI responses may not be representative of all projects or ongoing efforts that Enforcement engaged in during this period. The DCIs were completed between October 2, 2000, and November 9, 2000, and the data are current as of the date each DCI was completed and returned to GAO.

Table 4 shows (1) Treasury's 4 missions and the 10 strategic goals that Enforcement and the bureaus support and (2) the 49 projects and ongoing efforts that were reported in the DCIs. Enforcement officials identified and completed between 2 and 10 DCIs for each of the strategic goals. The names of the projects and ongoing efforts that the Enforcement officials provided in the DCIs are listed in the last column of the table, and these officials' detailed responses to the individual DCIs are shown after the table. We did not make editorial changes to the officials' DCI responses.

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<sup>1</sup>Enforcement officials were to select projects or ongoing efforts that were in place as of October 1, 1998, or that began on or after October 1, 1998, and before July 1, 2000, including projects still under way when the DCI was completed.

**Appendix I: Selected Projects and Ongoing  
Efforts Relating to Enforcement's Oversight,  
Policy Guidance, and Support Roles**

**Table 4: Enforcement Projects and Ongoing Efforts Related to Treasury's Missions and Strategic Goals That Are Supported by Enforcement and the Law Enforcement Bureaus**

<b>Mission</b>	<b>Strategic goal</b>	<b>Project or ongoing effort</b>
Economic: Promote prosperous and stable American and world economies	Promote domestic economic growth	1. Customs Automated Commercial System/Environment
		2. Treasury Advisory Committee on the Commercial Operations of the Customs Service (COAC)
		3. International Trade Data System
	Maintain U.S. leadership on global economic issues	4. Stolen Cars/Mexico
		5. Child Labor Advisory Committee
		6. G7 Customs Standardization Initiative
		7. North American Free Trade Agreement (NAFTA) Working Group on Rules of Origin
Financial: Manage the government's finances	Collect revenue due to the federal government	8. Alcohol Regulation
		9. Interagency Commission on Crime and Security in US Seaports
Law Enforcement: Protect our financial systems and our nation's leaders, and foster a safe and drug-free America	Combat financial crimes and money laundering	10. National Summit on Identity Theft
		11. Promotion of International Anti-Money Laundering Standards
		12. Identification of Non-Cooperative Countries and Territories
		13. National Money Laundering Strategy
		14. Black Market Peso Exchange Anti-Money Laundering Working Group
	Reduce the trafficking, smuggling, and use of illicit drugs	15. General Counterdrug Intelligence Plan—Development Phase
		16. Report to Congress on Southwest Border
		17. Annual Narcotics Certification
		18. General Counterdrug Intelligence Plan—Implementation
		19. Foreign Narcotics Kingpin Designation Act
		20. US-Mexico High Level Contact Group for Drug Control
		21. Plan Colombia
	Fight violent crime	22. National Church Arson Task Force
		23. National Special Security Events
		24. Five-Year Counterterrorism Plan
		25. 2001 Terrorism Supplemental
		26. Commerce in Firearms (CIF) Report and Regulatory Enforcement Project
		27. National Criminal Instant Background Check System (NICS)
		28. Gun Show Report
		29. Modified Assault Rifles Import Ban
		30. YCGII and Anti-trafficking
		31. Firearms Legislation
	Protect our nation's leaders and visiting world leaders	32. 2000 Campaign
		33. Secret Service—Agent Review
		34. Secret Service—Uniformed Division Review
		35. International Monetary Fund (IMF) and the World Bank Spring Ministerial Meeting

**Appendix I: Selected Projects and Ongoing  
Efforts Relating to Enforcement's Oversight,  
Policy Guidance, and Support Roles**

<b>Mission</b>	<b>Strategic goal</b>	<b>Project or ongoing effort</b>
Management: Continue to build a strong institution	Provide high-quality training for law enforcement personnel	36. Training Group
		37. Map of the World (MTW)
		38. International Law Enforcement Academies
		39. Federal Law Enforcement Training Center (FLETC) Organizational Assessment and Implementation
	Improve management operations	40. Establishment of the Office of Professional Responsibility (OPR)
		41. Schedule B
		42. Retirement Bubble
		43. Pay Demonstration Project
		44. Senior Executive Service (SES) Review
	Improve program performance	45. Customs Service Internal Affairs Review
		46. Iran Document Destruction Report
		47. Assessment of US Customs Service Passenger Enforcement Targeting Program
		48. Treasury/Department of Justice (DOJ) Parity Review
		49. Selection of Law Enforcement Bureau Heads

Source: *Department of the Treasury Strategic Plan for Fiscal Years 1997-2002*, September 30, 1997; *Department of the Treasury Program Performance Report, Fiscal Year 1999*; and Enforcement DCI responses.



## 1. Customs Automated Commercial System/Environment

Mission and goal supported	Economic mission: Promote domestic economic growth
Primary responsibility	Deputy Assistant Secretary (Regulatory, Trade and Tariff Enforcement) (DAS (RT&T))
Primary role	Support
Purpose	The Automated Commercial Environment (ACE) is a new system intended to meet the need of Customs to manage trade risks and modernize operations to keep pace with the staggering growth of international trade, advancements in automation, and the requirements of the Customs Modernization Act. ACE would eventually replace, the Automated Commercial System (ACS), the existing outdated and failing Customs import trade system. The purpose of this project is to secure a reliable stream of funding from system users to support replacement of the current obsolete system with ACE and to keep the new system up to date.
How project initiated	Self-initiated
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (RT&amp;T), Customs Service, Office of Management</li> <li>• Office of Management and Budget (OMB)</li> <li>• Private sector</li> </ul>
Why Enforcement was involved	OE oversaw this project to search for funding solutions. The Customs Commissioner saw his responsibility as identifying the need and technology for automation enhancement rather than becoming involved in finding funding solutions.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Collected data on use of Customs automated commercial system in order to evaluate options for funding a new system with support from users.</li> <li>• Options for funding a new automated system with user support were revised at Treasury with no bureau involvement. All briefing materials were prepared by Enforcement staff.</li> <li>• Briefed OMB, Congressional staff, and Treasury officials.</li> <li>• Developed strategies for informing and seeking approval of funding proposals.</li> <li>• Committee reports are prepared by committee members and submitted to Congress.</li> <li>• Long term monitoring of and involvement in Customs' use of automated systems to process commercial transactions quickly and to maintain high levels of compliance with trade laws.</li> <li>• Reviewed all testimony and most correspondence with Congress on the development of a new automated system.</li> <li>• In addition to development of legislature proposals for funding ACE with user support, reviewed all Customs budget submissions to assure that Customs' case was stated most effectively.</li> <li>• Coordinated with OMB on funding issues.</li> <li>• Handled virtually all correspondence for Secretary on Customs automation problems.</li> <li>• Frequent speaker to trade groups in support of funding for Customs automation.</li> </ul>
Project duration	Start date: January 1997 No fixed end date
Enforcement staffing level on the project	1 staff member who spent 10 to less than 25 percent of his/her time on the project.
Project results	Trade groups have pinned their hopes on persuading Congress to fund a new automated system entirely out of appropriated funds. The appropriation for FY 2000 is zero, the expected appropriation for FY 2001 is \$130 million. But this is \$80 million less than requested in the President's budget and well below the amount needed to complete ACE in a reasonable time frame. Consequently, the trade community is increasingly willing to agree to provide direct funding support through some user fees.

## **2. Treasury Advisory Committee on the Commercial Operations of the Customs Service (COAC)**

Mission and goal supported	Economic mission: Promote domestic economic growth
Primary responsibility	Assistant Secretary (Enforcement)
Primary role	Policy development and guidance
Purpose	To assure that there is an active channel of communication between the Treasury and businesses affected by Customs' operations.
How project initiated	Self-initiated and statutory requirement: the Advisory Committee was initially established by legislation and subsequently continued by Treasury initiative.
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Assistant Secretary (Enforcement), DAS (RT&amp;T), Customs Service, Office of General Counsel</li> <li>• None</li> <li>• Private sector—twenty members of the Committee are from the private sector</li> </ul>
Why Enforcement was involved	The Chairman of the Senate Finance Committee concluded that the Customs Service was not responding to the private sector views, and established a Federal advisory committee to be chaired by Treasury.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Information on Customs programs is collected in order to respond to Committee questions and comments.</li> <li>• With assistance from Customs, briefings and background papers are prepared for agenda items for each quarterly Committee meeting. Papers are presented to all committee members as appropriate.</li> <li>• Assistant Secretary (Enforcement) and occasionally other government officials are briefed prior to meetings.</li> <li>• Agenda for meetings are developed by Enforcement staff.</li> <li>• Oversee activities of Advisory Committee.</li> <li>• Review Committee reports to Congress, briefing papers, speeches prepared for Treasury officials, and other information concerning activities of the Committee.</li> <li>• Depending on the issue, other agencies may have an interest in Committee topics. When this occurs, OE often coordinates with those agencies. For example, OE and the Committee were instrumental in resolving a dispute between the private sector, Customs Service, and Census Bureau over the design for a new automated export system.</li> <li>• OE prepared speeches and remarks for Treasury officials on activities of Committee. OE staff also drafted Assistant Secretary remarks for each Committee meeting. The Secretary and Deputy Secretary have provided remarks, prepared by OE staff, to the Committee.</li> <li>• Assistant Secretary (Enforcement) and other Enforcement staff are invited to speak at trade events held in conjunction with committee materials.</li> <li>• OE performs staff work of Advisory Committee, including scheduling arrangements for Committee meetings, preparing agenda, arranging for guest speakers, preparing reports of meetings, etc.</li> </ul>
Project duration	Start date: September 1988; No fixed end date
Enforcement staffing level on the project	5 or 6 staff members who spent 10 to less than 25 percent of their time on the project.
Project results	The Advisory Committee has improved communication among businesses, Customs, and Treasury on Customs issues. Given the length of time the Committee has been in existence, it is not practical to list all of its accomplishments. Biennial reports are submitted to the Committee on Ways & Means, and the Committee on Finance. These reports detail the activities of the Committee. Among other things, the Advisory Committee has had a substantive role in Customs' reorganization, on the design for the Automated Export System (AES), and on Customs' policies and procedures for compliance assessment audits.

### 3. International Trade Data System

Mission and goal supported	Economic mission: Promote domestic economic growth
Primary responsibility	DAS (RT&T)
Primary role	Policy development and guidance
Purpose	To create a coordinated, government wide system for the collection, use, and dissemination of information related to commerce across our national borders. The system will include information about the cargoes, the conveyances in which they are transported, and where applicable, the personnel involved in the transportation of goods (to support enforcement of immigration laws). The system will also be designed to accommodate the eventual inclusion of data on certain aspects of non-goods trade.
How project initiated	Presidential initiative
Parties involved	
• Treasury	• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (RT&T), Customs Service, Office of Management
• Other federal departments or agencies	• Department of Defense, Department of Transportation, Coast Guard, Drug Enforcement Administration (DEA), Immigration and Naturalization Service (INS), OMB, Department of Agriculture, Department of Commerce, Department of the Interior, Department of Health and Human Services, USITC
• Other	• Private sector
Why Enforcement was involved	Customs attempted to lead an interagency effort, but failed to win the support of the other agencies involved. In early 1995, the other agencies communicated to the Office of Management and Budget their disinclination to continue the project under Customs leadership. In September of 1995, the leadership responsibility was assigned to Treasury's Office of Enforcement in a memorandum from the Vice President to all departments and agencies.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Prepared briefing materials to explain purpose of project and briefings on the status of design and implementation plans.</li> <li>• Conducted briefings for Executive Office of the President, Treasury, and other executive branch officials, and for members of Congress and staffs.</li> <li>• Substantial amount of time spent in planning for ratification of International Trade Data System (ITDS) by participating agencies and the private sector, and for obtaining support from Congress.</li> <li>• As chairman of interagency board, DAS, RT&amp;T was responsible for monitoring progress of ITDS project office toward achievement of goals set by the board.</li> <li>• Reviewed draft proposals for project design and implementation, as well as briefing materials to seek broad support for project.</li> <li>• Participated in preparation of annual budgets for ITDS project.</li> <li>• ITDS is an interagency project with implications for almost 100 government agencies that regulate international trade or collect statistics on international trade. Considerable coordination was necessary among the involved agencies.</li> <li>• Required to negotiate with other agencies on ITDS design and implementation plans.</li> <li>• Prepared correspondence for members of Congress and private sector parties who were seeking information about the ITDS; wrote speeches for DAS, Regulatory Tariff &amp; Trade to present to trade groups.</li> <li>• Speeches to several trade groups between 1995 and August 1999.</li> </ul>
Project duration	Start date: September 1995 Anticipated end date: December 2001
Enforcement staffing level on the project	2 staff members who spent 25 to less than 50 percent of their time on the project.
Project results	The interagency ITDS Board successfully completed the government-wide trade data system project design architecture. The work on developing the prototype is on-going; however, progress has been delayed by automation problems at the Customs Service.

#### **4. Stolen Cars/Mexico**

Mission and goal supported	Economic mission: Maintain U.S. leadership on global economic issues
Primary responsibility	DAS (RT&T)
Primary role	Support
Purpose	Mexican officials contacted OE with their concerns about the economic impact to the legitimate market as the result of illegal vehicles from the United States appearing in Mexico. Officials estimated that between 1/3 and 1/2 of all automobiles imported into Mexico are imported illegally. The Mexican government requested Treasury assistance in arranging for Mexican Customs to be provided with NCIC data from the Federal Bureau of Investigation (FBI) on U.S. stolen cars. Mexican Customs could then stop apparent violators and forward the information to U.S. Customs for consideration of possible enforcement action against smugglers.
How project initiated	Self-initiated
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• DAS (RT&amp;T), Customs Service</li> <li>• FBI</li> <li>• State and/or local government—Texas Department of Public Safety, private sector—National Insurance Crime Bureau</li> </ul>
Why Enforcement was involved	Mexican government officials requested assistance from Treasury Enforcement to coordinate with Customs and the FBI come to a solution to resolve problem.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Collected VINS for cars smuggled into Mexico.</li> <li>• Prepared background materials for Under Secretary on issue.</li> <li>• Under Secretary briefed Secretary on Mexican government request for assistance.</li> <li>• Worked with the FBI, U.S. Customs, and Mexican Customs to develop procedures for the transfer of FBI stolen car data to Mexican Customs in a manner satisfactory to the FBI.</li> <li>• Resolved differences between FBI and Customs as to procedure for addressing problem. Also coordinated with Mexican Customs to analyzing Mexican data on smuggled cars and with the Texas State Department of Public Safety.</li> <li>• Negotiated with Mexican government to obtain their concurrence with Enforcement program proposals for addressing both stolen and smuggled cars.</li> </ul>
Project duration	Start date: April 1998 Anticipated end date: December 2000
Enforcement staffing level on the project	1 staff member who spent less than 10 percent of his/her time on the project.
Project results	Results of program will be seen within next 90 days. Results will include data on cars stolen in U.S. and stopped by Mexican customs, as well as penalty actions against U.S. parties involved in smuggling cars into Mexico. OE efforts in this project have had a positive influence on Treasury and Customs relations with Mexican government officials and we expect future cooperation and assistance from Mexico on a number of issues of concern to Treasury.

## 5. Child Labor Advisory Committee

Mission and goal supported	Economic mission: Maintain U.S. leadership on global economic issues
Primary responsibility	Assistant Secretary (Enforcement)
Primary role	Policy development and guidance
Purpose	Treasury's Advisory Committee on International Child Labor Enforcement was established to promote the dialogue between the government and citizens, organizations, firms, etc., concerned with the problem of goods manufactured with forced or indentured child labor being imported into the United States, and to focus attention on the issue of international child labor enforcement.
How project initiated	Self-initiated
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Assistant Secretary (Enforcement), DAS (RT&amp;T), Customs Service, Office of General Counsel</li> <li>Department of State, Department of Labor, USTR, National Economic Council, and Members of Congress</li> <li>Foreign governments, private sector—committee members include private sector representatives</li> </ul>
Why Enforcement was involved	At the Departmental level, OE is able to bring to the issue a higher visibility both within the Administration and with the private sector. This issue is broader than just a Customs Service issue and OE is able to provide a broader perspective. Working with the White House and Congress, OE was able to help Customs get increased funding for its child labor enforcement efforts.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>OE staff collected data/material on potential suspect imports from USCS as well as other general data from private sector and other agencies.</li> <li>Prepare background material for senior Treasury officials and members of the Advisory Committee.</li> <li>Brief senior Treasury, Congressional, and White House officials, as well as member of the Advisory Committee on Administration, Treasury and Customs child labor efforts and committee progress.</li> <li>Produced Child Labor "Red Flags" Advisory for the import community and others with information on the issue of forced or indentured child labor.</li> <li>Worked with Customs and counsel to revamp Customs regulations with regard to seizure of goods made with 'slave labor', including child slave or indentured labor.</li> <li>Draft reports, advisories, and informational materials for senior officials, business community, and concerned citizens.</li> <li>Chair and oversee activities of the Advisory Committee.</li> <li>Review draft testimony by Customs and other agencies on child labor issues. Senior OE officials also reviewed red flag advisory drafted by OE staff.</li> <li>Assisted with, reviewed and supported proposals for increased funding for USCS Child Labor Enforcement efforts.</li> <li>Regular coordination and consultation with Labor, State, NEC, USTR and congressional staff.</li> <li>Negotiate with officials of foreign country agencies to enforce Child Labor Import standards.</li> <li>Prepared speeches for senior Treasury officials, including the Secretary and Deputy Secretary, dealing with Child Labor.</li> <li>OE staff has participated in outreach efforts with business community.</li> <li>OE performs staff work of Advisory Committee, including scheduling arrangements for Committee meetings, preparing agenda, arranging for guest speakers, preparing reports of meetings, etc.</li> </ul>
Project duration	Start date: January 1998 No fixed end date

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**Appendix I: Selected Projects and Ongoing  
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Enforcement staffing level on the project	7 staff members who spent 10 to less than 25 percent of their time on the project.
Project results	<p>Since this project began two years ago, there have been a number of successes:</p> <ul style="list-style-type: none"><li>- Production of Red Flag Advisory</li><li>- Increased Child Labor Enforcement Budget for Customs Service:<ul style="list-style-type: none"><li>- \$10,000,000 in President's budget for FY 2002</li><li>- \$ 5,000,000 for FY 2000</li><li>- \$ 3,000,000 for FY 1999</li></ul></li><li>- Increased attention to Child Labor Issues</li><li>- Enhanced USCS Child Labor Enforcement</li><li>- Promoted understanding of opposing positions between Industry and Advocates</li><li>- Revamped Customs regulations with regard to seizure and forfeiture of goods made with 'slave labor', including child slave or indentured labor.</li></ul>

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## 6. G7 Customs Standardization Initiative

Mission and goal supported	Economic mission: Maintain U.S. leadership on global economic issues
Primary responsibility	DAS (RT&T)
Primary role	Policy development and guidance
Purpose	To simplify and standardize Customs Service electronic reporting of data.
How project initiated	Self-initiated
Parties involved	
<ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Assistant Secretary (Enforcement), DAS (RT&amp;T), Customs Service</li> <li>Department of Transportation, Department of Commerce, US Trade Representative</li> <li>Foreign governments, private sector</li> </ul>
Why Enforcement was involved	OE was able to bring to this effort a broader perspective than Customs could by itself and OE is in a better position to coordinate and negotiate inter-Departmental and multilateral issues.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>Collected information on reporting data from Customs and other federal agencies.</li> <li>Prepared briefing materials for senior Treasury officials.</li> <li>Briefed senior Treasury officials, private sector, and USCS.</li> <li>Developed strategy for advancing this project with G7 country participants.</li> <li>Coordinated proposed data requirements with Customs, Commerce, Transportation, and USTR.</li> <li>Negotiated with other G7 countries as well as World Customs Organization and European Commission.</li> <li>Prepared correspondence and communications with other Federal agencies and with representatives of other G7 Countries.</li> <li>Delivered speeches to private sector organizations on new data requirements.</li> </ul>
Project duration	Start Date: March 1997 Anticipated end date: June 2001
Enforcement staffing level on the project	2 staff members who spent 25 to less than 50 percent of their time on the project.
Project results	The G7 Standardization Initiative Project is still underway. However, OE expects to achieve standardized reporting requirements for electronic data and EDIFACT Customs messages.

## 7. North American Free Trade Agreement (NAFTA) Working Group on Rules of Origin

Mission and goal supported	Economic mission: Maintain U.S. leadership on global economic issues
Primary responsibility	DAS (RT&T)
Primary role	Policy development and guidance
Purpose	1) Liberalize, simplify North American Free Trade Agreement (NAFTA) Rules of Origin 2) Ensure smooth operation of NAFTA Rules of Origin and Customs Procedure
How project initiated	Statutory requirement: NAFTA
Parties involved	
• Treasury	• Assistant Secretary (Enforcement), DAS (RT&T), Customs Service, Office of General Counsel
• Other federal departments or agencies	• Department of State, OMB, Department of Commerce, International Trade Commission
• Other	• Foreign governments, private sector
Why Enforcement was involved	OE leads Treasury's efforts with regard to NAFTA implementation, as this is an extremely high visibility issue that requires considerable coordination and consultation with other Federal agencies and foreign governments.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Prepared briefing materials on NAFTA implementation efforts.</li> <li>• Briefed senior Treasury officials, members of Congress, and the private sector on efforts.</li> <li>• Developed regime for simplifying NAFTA rules of origin and Customs procedures.</li> <li>• Developed Treasury policies and subsequent regulations regarding implementation of NAFTA.</li> <li>• OE oversaw the United States, Mexican, and Canadian implementation of NAFTA regulations related to Customs.</li> <li>• OE reviewed draft policies, implementation strategies, and draft regulations relating to NAFTA implementation.</li> <li>• The Office coordinated with the Departments of Commerce and State, the USTR, and other agencies with an interest in NAFTA implementation.</li> <li>• Considerable consultations with Mexican and Canadian counterparts on NAFTA implementation procedures.</li> </ul>
Project duration	Start date: January 1998 No fixed end date
Enforcement staffing level on the project	2 staff members who spent 10 to less than 25 percent of their time on the project.
Project results	OE coordination efforts led to a simplification of NAFTA chartered rules and rules of origin and a liberalization of related rules. OE ensured the smooth implementation of new rules, regulations, and customs procedures. OE officials also developed successful working relationships with officials in other Federal agencies, as well as Canada and Mexico, to resolve disputes and implement NAFTA policies.



## 8. Alcohol Regulation

Mission and goal supported	Financial mission: Collect revenue due to the federal government
Primary responsibility	DAS (RT&T)
Primary role	Oversight
Purpose	Prompted by OE attention to public and judicial concerns, OE initiated regular oversight of the Bureau of Alcohol, Tobacco and Firearms (ATF) alcohol regulation functions, with particular attention to business practices/competition, regulations, health-related labeling, and informative labeling.
How project initiated	Self-initiated
Parties involved	
• Treasury	• Assistant Secretary (Enforcement), DAS (RT&T), ATF, Customs Service, Office of General Counsel
• Other federal departments or agencies	• Department of Justice, FTC
• Other	• Foreign governments, private sector
Why Enforcement was involved	OE is able to provide a broader perspective, particularly on crosscutting issues that require outreach with private sector organizations and other Federal agencies.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Prepared background and briefing materials on health labeling and other regulatory issues.</li> <li>• Briefed senior Treasury officials.</li> <li>• OE developed revised policy and substantially drafted the amended regulations for regulation of Business Practices/Competition in the beverage alcohol industry.</li> <li>• Oversaw process for publication in the Federal Register and implementation of new regulations by ATF.</li> <li>• Coordinated with FTC and Justice in review of the business competitive policy. Also, considerable consultation and negotiation with industry representatives.</li> </ul>
Project duration	Start date: February 1994 No fixed end date
Enforcement staffing level on the project	2 staff members who spent 10 to less than 25 percent of their time on the project.
Project results	<ul style="list-style-type: none"> <li>• Revised Competitive Policy/Regulations</li> <li>• Revised permissible Label Health Claims</li> </ul>

## 9. Interagency Commission on Crime and Security in US Seaports

Mission and goal supported	Financial mission: Collect revenue due to the federal government
Primary responsibility	Assistant Secretary (Enforcement)
Primary role	Policy development and guidance
Purpose	To develop and facilitate an interagency commission to study crime and terrorism at our nation's seaports, and to develop and implement recommendations to address these problems.
How project initiated	Presidential initiative
Parties involved	
• Treasury	• DAS (Enforcement Policy), DAS (Law Enforcement), DAS (RT&T), ATF, Customs Service, Secret Service, Counsel
• Other federal departments or agencies	• Department of Defense, Department of Justice, Department of State, Department of Transportation, Coast Guard, DEA, FBI, INS, National Security Council, OMB, Office of National Drug Control Policy (ONDCP), Department of Commerce, Joint Chiefs, EPA, Department of Agriculture, Department of Labor, CIA, Department of Health and Human Services, U.S. Congress
• Other	• State and/or local governments, private sector
Why Enforcement was involved	A Presidential Order directed the Departments of the Treasury, Justice and Transportation to develop and oversee a Commission on Crime and Security in US Seaports. Treasury, through Enforcement, took the lead in coordinating the establishment of the Commission.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Gathered information about the cost of establishing the Commission, staff available to support the Commission, the points of contact for the other lead agencies, and identified possible Commission members. Briefings and public hearings were held at numerous locations around the United States to obtain input from affected groups.</li> <li>• Briefing materials were prepared for the Secretary to explain the establishment of the Commission, and later to obtain approval of the Commission's final report. The Assistant Secretary, who was a member of the Commission, received briefing materials in preparation for meetings of the Commission, to analyze the Commission's proposed recommendations, and to summarize the material in the final report.</li> <li>• The Assistant Secretary and Under Secretary were briefed about the proposal to establish the Commission, the proposed structure and organization of the Commission and its staff, the progress of the Commission, and the Final Report of the Commission. The Assistant Secretary also participated in briefings for members of Congress on the work of the Commission.</li> <li>• Initiatives and recommendations were developed for the Assistant Secretary to recommend to the Commission.</li> <li>• Much of the work of the Commission was performed by its staff. Throughout the one-year operation of the Commission, Enforcement monitored the progress and activities of the staff to ensure that the work remained on course. The Assistant Secretary also attended all Commission meetings, since she served as a member of the Commission.</li> <li>• Numerous drafts of the report, as well as the Final Report of the Commission were reviewed and edited.</li> <li>• In leading the process of establishing the Committee, Enforcement had to determine the costs to operate the Commission and find funding to cover these costs. The recommendations contained in the Final Report have budget implications. Treasury is currently working with OMB regarding funding for these recommendations.</li> <li>• The Office of Enforcement coordinated with the NSC regarding the development and wording of the Presidential Order that established the Commission, the press release announcing the Order, as well as the subsequent clearance and announcement of the Commission's report. The Commission was organized and established by representatives of the Departments of Justice, Transportation, and the Treasury under the lead of the Office of Enforcement. This involved numerous telephone calls, chairing</li> </ul>

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	<p>many organizing sessions, harmonizing positions, and reaching consensus on the membership, operation, procedures and plan of action of the Commission. The Assistant Secretary served as a member of the Commission, which involved reviewing numerous background documents, attending monthly meetings, visiting three seaports for on-site briefings and meetings, participating in public hearings, and coordinating with the other Commissioners to develop the recommendations contained in the Commissions' Final Report.</p> <ul style="list-style-type: none"> <li>• Findings and recommendations were negotiated by the members of the Commission during Commission meetings.</li> <li>• Letters were drafted from the three cabinet officials to the others departments and agencies named in the Presidential Order to solicit their participation in the Commission.</li> <li>• Enforcement staff attended Commission meetings, coordinated comments from all components of Enforcement and Treasury on the draft Commission Report, coordinated transmission of the Report to the White House, and provided information to Treasury Public Affairs and Legislative Affairs Offices. Enforcement is currently considering implementation plan for the recommendations contained in the report.</li> </ul>
Project duration	<p>Start date: November 1998 End date: October 2000</p>
Enforcement staffing level on the project	5 staff members who spent less than 10 percent of their time on the project.
Project results	<p>The final report of the Commission was prepared, reviewed and approved by the three lead Departments, transmitted to the White House, and is now at OMB for review and adoption of the Commission's recommendations. The recommendations of the Commission will significantly improve the security of the nation's seaports while also enhancing information and revenue collection capabilities.</p>

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## 10. National Summit on Identity Theft

Mission and goal supported	Law enforcement mission: Combat financial crimes and money laundering
Primary responsibility	DAS (Enforcement Policy)
Primary role	Oversight
Purpose	Responding to a Presidential directive, organize an interagency group to plan and conduct the National Summit on Identity Theft. Thereafter, participate in other agencies' workshops on prevention and victim assistance, and supervise the Secret Service as it works with DOJ to conduct a workshop on law enforcement responses to identity theft.
How project initiated	Presidential initiative
Parties involved	
• Treasury	• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Enforcement Policy), Finance and Administration, Financial Crimes Enforcement Network (FinCEN), Internal Revenue Service's Criminal Investigation Division (IRS/CID), Secret Service, Office of Management, Secretary, Deputy Secretary, Domestic Finance, Public Affairs, Office of Comptroller of the Currency, General Counsel, Office of Information Technology
• Other federal departments or agencies	• Department of Justice, FBI, OMB, Federal Trade Commission, Social Security Administration, U.S. Postal Inspection Service, Federal Deposit Insurance Corp., White House/OMB, U.S. Sentencing Commission, Federal Reserve Board, Office of Thrift Supervision
• Other	• State and/or local governments, foreign governments, private sector
Why Enforcement was involved	The President directed Treasury to organize the Summit. The Secret Service is the Treasury bureau most involved in the issue, given its mission of combating financial crime. Enforcement took the lead role since the issues involved more than the Secret Service's law enforcement perspective.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• The Secret Service provided information on its identity theft cases and programs.</li> <li>• In addition to regular decision and information briefings for the Under Secretary, staff developed memoranda for the Secretary and Deputy Secretary.</li> <li>• Staff briefed Deputy Secretary Eizenstat, who ultimately was not able to participate in the Summit.</li> <li>• Enforcement coordinated the development of initiatives for the Summit, including not only the announcement of Secret Service database programs and cooperation with industry, but also pressuring the credit reporting bureaus to change their ways of doing business. The credit bureaus issued a press release on the eve of the Summit, promising to ease the process for identity theft victims.</li> <li>• Edit contractor's draft summary of Summit proceedings and publish on Treasury web site.</li> <li>• Enforcement worked with management to hire and interact with the contractor selected to run the invitation process and space arrangements.</li> <li>• Enforcement staff reviewed counsel's drafts of correspondence to the U.S. Sentencing Commission, and Public Affairs' draft press releases and press plans. Staff and counsel reviewed testimony and legislative proposals.</li> <li>• Reviewed budget proposals developed by the Office of Management for funding Summit.</li> <li>• A large interagency group organized the Summit. Enforcement coordinated all the logistics and hired the contractor to serve as a liaison with the hotel and to handle invitations, and was in charge of one of five separate panels. In three follow-on workshops scheduled for early FY 2001, Enforcement is coordinating with other agencies, including Secret Service who is planning one workshop as co-host with DOJ.</li> <li>• Enforcement staff prepared invitation materials, agenda, and drafts of remarks by the Secretary and Under Secretary for the Summit. Thereafter, we drafted an interagency memorandum about the workshops.</li> <li>• Under Secretary Johnson was a panelist at the Summit, and Assistant Secretary</li> </ul>

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**Appendix I: Selected Projects and Ongoing  
Efforts Relating to Enforcement's Oversight,  
Policy Guidance, and Support Roles**

	Bresee introduced the Secretary before his opening remarks. Deputy Assistant Medina hosted many of the Summit's sessions.
Project duration	Start date: May 1998 Anticipated end date: November 2000
Enforcement staffing level on the project	4 staff members who spent 25 to less than 50 percent of their time on the project. In the months leading up to the Summit, staff and the DAS (Enforcement Policy) spent at least 75 percent of their time on the Summit.
Project results	<ul style="list-style-type: none"> <li>• Successful National Summit on Identity Theft, involving over 300 attendees over a day and a half of sessions, receiving significant media coverage.</li> <li>• Summit allowed sharing of public and private sector views, experiences, ideas, and technological solutions leading to follow-on workshops.</li> <li>• Proceedings available on web site, and in hard copy if requested.</li> <li>• Follow on workshops to be held by FTC and SSA as announced in Federal Register</li> <li>• Supported changes to federal sentencing guidelines for identity theft which will go into effect in November.</li> <li>• Secret Service initiatives announced at Summit, including skimming and check fraud databases, pilot project with Citicorp on e-commerce data collection.</li> <li>• Before the Summit, developed and coordinated Administration positions on privacy vs. consumer convenience, emphasizing assistance to victims through prevention and remediation after the crime occurs.</li> </ul>

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## 11. Promotion of International Anti-Money Laundering Standards

Mission and goal supported	Law enforcement mission: Combat financial crimes and money laundering
Primary responsibility	Under Secretary (Enforcement)
Primary role	Policy development and guidance
Purpose	The purpose of the project is to work toward universal implementation of the 40 Recommendations of the Financial Action Task Force (FATF), including maintaining active participation in the development, promotion, and implementation of these standards; maintaining the United States' leadership role in the FATF; furthering the establishment and development of FATF-style regional bodies; and, providing assistance to jurisdictions seeking to bring themselves into compliance.
How project initiated	Other <sup>a</sup> : In 1989, the G-7 Economic Summit established the FATF to develop anti-money laundering standards and to promote worldwide implementation of those standards.
Parties involved	
• Treasury	• Assistant Secretary (Enforcement), DAS (Enforcement Policy), DAS (Law Enforcement), ATF, Customs Service, Executive Office of Asset Forfeiture (EOAF), FinCEN, Federal Law Enforcement Training Center (FLETC), IRS/CID, Secret Service
• Other federal departments or agencies	• Department of Justice, Department of State, DEA, FBI, National Security Council, ONDCP
• Other	• State and/or local governments, foreign governments, private sector
Why Enforcement was involved	This project involves major policy issues and entails high level policy development implications. Treasury's Office of Enforcement (OE) has the lead within the U.S. government regarding anti-money laundering efforts; additionally, OE heads the U.S. Delegation to the FATF, which is the international body called upon by the G-7 and G-8 to take the lead in pursuing this initiative on a global basis. Extensive interagency coordination is required to reach consensus within the U.S. on the various issues involved and as to what action should be taken with regard to each, as well as in determining the nature and content of bilateral contacts to be made relative to these issues.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• OE has collected data (and continues to collect data) as required to accomplish the objectives of this project. Data collection is coordinated with the Departments of Justice and State, U.S. law enforcement and financial institution regulatory agencies, other agencies, relevant international organizations and bodies, and the foreign governments involved.</li> <li>• OE prepares briefing materials for members of the U.S. interagency group involved in this initiative, as well as for Secretary Summers and other members of Treasury management, to facilitate the decision making process on the various issues involved.</li> <li>• Secretary Summers, Deputy Secretary Eizenstat, and others are briefed by OE on the status and progress of this high priority initiative, as well as on specific issues.</li> <li>• OE devises programs, initiatives, and strategies as needed to accomplish the goals of this project.</li> <li>• Policies and standards are developed and drafted as required to accomplish U.S. objectives relative to this project.</li> <li>• OE drafts and prepares various reports and other submissions pursuant to specific issues, taskings, and requirements to achieve the project goals.</li> <li>• OE monitors the establishment, development and progress of the various FATF-style regional bodies, as well as the work of the FATF itself. Additionally, progress made by individual countries and governments around the world is monitored in terms of the effectiveness of their anti-money laundering regimes and the extent to which they meet international anti-money laundering standards.</li> <li>• Reports, statements, policy papers, legislation, regulations, guidelines, and other relevant written products and documents are reviewed.</li> <li>• Funding is sought to conduct assessments of the anti-money laundering regimes of various governments, and to provide training and technical assistance to aid governments in making necessary changes to bring them in line with international anti-</li> </ul>

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**Appendix I: Selected Projects and Ongoing Efforts Relating to Enforcement's Oversight, Policy Guidance, and Support Roles**

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	<p>money laundering standards. Funding is also sought for contributions to the FATF and the regional FATF-style bodies to enable them to continue their work to accomplish the goals of this project.</p> <ul style="list-style-type: none"> <li>• The interagency process is used to develop the U.S. position and make decisions relative to issues, proposals, action plans, reports, and policies to be advanced as a result of this initiative. OE has the lead in this process.</li> <li>• Within the FATF, the U.S. negotiates with other member governments to determine policies and standards to be established and promoted, as well as in development of the process and policies for taking forward this effort. As Head of the U.S. Delegation to the FATF, OE takes the lead in conducting these negotiations for the U.S. The U.S. has established and maintains a leadership role within the FATF in formulating the policies of, and actions taken by, the FATF. Further, extensive bilateral contact is conducted with various jurisdictions (both FATF members and non-members) regarding specific issues to obtain support, encourage action, assess deficiencies, and/or to provide assistance. Again, OE has the lead regarding these contacts with respect to this initiative.</li> <li>• OE prepares extensive correspondence relative to this project. Correspondence is maintained with the FATF, member governments of the FATF, the FATF-style regional bodies, members of the regional FATF-style bodies, and non-member governments, as well as with the U.S. agencies and departments involved in the interagency group participating in this initiative. Speeches, talking points, press statements, and presentation remarks are prepared for Secretary Summers, Deputy Secretary Eizenstat, and others as needed relative to this project.</li> <li>• The Head of the U.S. Delegation to the FATF and other members of the U.S. delegation make substantial interventions during meetings of the FATF and regional FATF-style bodies, as well as giving presentations at various meetings, conferences, and other international events. In addition, Secretary Summers, Deputy Secretary Eizenstat, the Under Secretary (Enforcement), and others have testified relative to this initiative.</li> </ul>
Project duration	<p>Start date: June 1989</p> <p>No fixed end date</p>
Enforcement staffing level on the project	<p>2 OE staff, plus 5 detailees from other agencies, 1 intern, and 1 administrative assistant who spent 75 to 100 percent of their time on the project.</p>
Project results	<p>Within the FATF, all 29 member governments now have comprehensive anti-money laundering legislation in place. Prior to the establishment of the FATF, only a few governments in addition to the U.S. had established adequate anti-money laundering regimes.</p> <p>OE has taken a leadership role in the FATF and spearheaded efforts to work with other governments to adopt anti-money laundering regimes. Largely due in part to these efforts, over the past ten years, member and non-member governments around the world have taken steps and continue to progress in establishing effective anti-money laundering regimes consistent with the 40 recommendations of the FATF. Although substantial progress has been made, a number of jurisdictions continue to fall short of the standards. Through the work of the OE Money Laundering Task Force, efforts continue within this project to effect universal implementation of the international anti-money laundering standards.</p>

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\*Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.

## 12. Identification of Non-Cooperative Countries and Territories

Mission and goal supported	Law enforcement mission: Combat financial crimes and money laundering
Primary responsibility	Under Secretary (Enforcement)
Primary role	Policy development and guidance
Purpose	The purpose of this project is to identify jurisdictions that pose a money laundering threat to the United States, support the efforts of the Financial Action Task Force (FATF) to identify non-cooperative jurisdictions based on its 25 criteria, take appropriate action with respect to identified financial crime havens, and to prompt reforms by the identified jurisdictions to bring them into compliance with international anti-money laundering standards.
How project initiated	Self-initiated and other <sup>a</sup> : as a leader within the G-7, the U.S. Treasury Department, and OE in particular with respect to money laundering policy, was critical to formulating the initiative. OE continues to lead developments within relevant multilateral fora. Initiated by G-7 Finance Ministers at the Birmingham Economic Summit to accelerate reforms in important financial centers.
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>DAS (Enforcement Policy), DAS (Law Enforcement), Customs Service, FinCEN, IRS/CID</li> <li>Department of Justice, Department of State, National Security Council, ONDCP</li> <li>Foreign governments</li> </ul>
Why Enforcement was involved	This project involves major policy issues and entails high level policy development implications. Treasury's Office of Enforcement (OE) has the lead within the U.S. government regarding anti-money laundering efforts; additionally, OE heads the U.S. Delegation to the FATF, which is the international body called upon by the G-7 and G-8 to take the lead in pursuing this initiative on a global basis. Extensive interagency coordination is required to reach consensus within the U.S. on which jurisdictions should be identified as problematic in this context and as to what action should be taken with regard to each, as well as in determining the nature and content of bilateral contacts to be made relative to this issue.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>OE collected data (and continues to collect data) on each jurisdiction reviewed or yet to be reviewed to determine to what extent it meets the 25 criteria of the FATF for identification as a non-cooperative. This data includes, but is not limited to, laws, regulations, and practices of each jurisdiction relative to its anti-money laundering regime, supervision/regulation of its financial services sector, and level of cooperation with foreign law enforcement and financial regulatory entities. Data collection is coordinated with the Departments of Justice and State, U.S. law enforcement and financial institution regulatory agencies, relevant international organizations and bodies, and the foreign governments involved.</li> <li>OE prepares briefing materials for members of the U.S. interagency group involved in this initiative, as well as for Secretary Summers and other members of Treasury management, to facilitate the decision making process on the various issues involved.</li> <li>Secretary Summers and Deputy Secretary Eizenstat are briefed regularly by OE on the status and progress of this high priority initiative.</li> <li>OE devises programs, initiatives, and strategies as needed to accomplish the goals of this project.</li> <li>Advisories to U.S. financial institutions are drafted, cleared through the interagency process, and issued on jurisdictions identified as non-cooperative.</li> <li>Jurisdiction reports are prepared for submission to the FATF on jurisdictions under review. These reports discuss in detail to what extent each jurisdiction meets the FATF's 25 criteria and are the basis for determining whether a jurisdiction is identified as non-cooperative.</li> <li>This project monitors progress made by identified non-cooperative countries or territories (NCCTs) in addressing identified deficiencies in their anti-money laundering</li> </ul>



**Appendix I: Selected Projects and Ongoing Efforts Relating to Enforcement's Oversight, Policy Guidance, and Support Roles**

	<p>regimes. It also monitors the actions taken by other jurisdictions under review or previously reviewed to determine the current status of each jurisdiction relative to the 25 FATF criteria.</p> <ul style="list-style-type: none"> <li>• Reports, statements, legislation, regulations, guidelines, and other relevant written products and documents are reviewed.</li> <li>• The U.S. position is developed and decisions are made through the interagency process relative to proposals, reports, advisories to be issued, and policies to be advanced as a result of this initiative. OE has the lead in this process.</li> <li>• Within the FATF, the U.S. negotiates with other member governments to determine which jurisdictions will be reviewed by the FATF, which jurisdictions will be listed as non-cooperative, as well as in development of the process and policies for taking forward this effort. As Head of the U.S. Delegation to the FATF, OE takes the lead in conducting these negotiations for the U.S. Further, extensive bilateral contact is conducted with the various jurisdictions with regard to their laws, regulations, and anti-money laundering regimes. Again, OE has the lead regarding these contacts with respect to this initiative.</li> <li>• OE prepares extensive correspondence relative to this project. Correspondence is maintained with the FATF, member governments of the FATF, the jurisdictions under review or previously listed, as well as the U.S. agencies and departments involved in the interagency group participating in this initiative. Speeches, talking points, press statements, and presentation remarks are prepared for Secretary Summers, Deputy Secretary Eizenstat, and others as needed relative to this project.</li> <li>• The Head of the U.S. Delegation to the FATF has been invited to speak on this initiative on various occasions and has given several presentations. Secretary Summers and Deputy Secretary Eizenstat have also given speeches and testified before the Congress on the subject.</li> </ul>
Project duration	<p>Start date: June 1998</p> <p>No fixed end date</p>
Enforcement staffing level on the project	<p>2 OE staff plus 5 detailees from other agencies, 1 intern, and 1 administrative assistant who spent 50 to less than 75 percent of their time on the project.</p>
Project results	<p>In June 2000, the FATF published a list identifying 15 jurisdictions as non-cooperative based on its 25 criteria. The U.S. Treasury Department/FinCEN issued Advisories to U.S. financial institutions on all 15 NCCTs in July 2000. Not only the listed NCCTs, but numerous other countries and territories have taken considerable action to change their laws, regulations, and practices to bring them in line with international anti-money laundering standards as a direct result of this initiative. Jurisdictions have been and are currently taking concrete steps to correct deficiencies in their systems in an effort to be de-listed or to avoid being included on the NCCT list in the future.</p>

<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.

### 13. National Money Laundering Strategy

Mission and goal supported	Law enforcement mission: Combat financial crimes and money laundering
Primary responsibility	Under Secretary (Enforcement)
Primary role	Policy development and guidance
Purpose	The purpose of this project is to outline a comprehensive, integrated approach to combating money laundering, both domestically and globally; and, to provide a clear, detailed plan for government action, which is updated annually. The Strategy is organized around four broad goals: strengthening domestic enforcement; enhancing the measures taken by banks and other financial institutions; building stronger partnerships with state and local governments; and bolstering international cooperation.
How project initiated	Self-initiated and statutory requirement: the Office of Enforcement (OE) worked with Congressional staff on drafting the Money Laundering and Financial Crimes Strategy Act of 1998, signed by the President in October 1998, which requires the National Strategy. OE has taken the lead within Treasury and the U.S. government in producing the Strategy and in preparing the five annual reports called for by the Act.
Parties involved	
• Treasury	• Assistant Secretary (Enforcement), DAS (Enforcement Policy), DAS (Law Enforcement), DAS (RT&T), Finance and Administration, ATF, Customs Service, Executive Office of Asset Forfeiture (EOAF), FinCEN, FLETC, IRS/CID, Office of Foreign Assets Control (OFAC), Secret Service, Office of Management, Comptroller of the Currency, Office of the Assistant Secretary for International Affairs, Office of General Counsel, Office of Legislative Affairs, Offices of the Secretary and the Deputy Secretary
• Other federal departments or agencies	• Department of Justice, Department of State, DEA, Executive Office for U.S. Attorneys (EOUSA), FBI, National Security Council, OMB, ONDCP, Commodity Futures Trading Commission, Federal Deposit Insurance Corporation, Federal Reserve Board, National Credit Union Administration, Office of Thrift Supervision, United States Postal Inspection Service, United States Securities and Exchange Commission
• Other	• None
Why Enforcement was involved	This project involves major policy issues and entails high level policy development implications. Treasury's OE has the lead within the U.S. government regarding anti-money laundering efforts; additionally, OE's broader perspective was needed, such that no other individual bureau, agency, or office could provide. Extensive interagency coordination is required to develop the annual Strategy, which is cleared through OMB and issued jointly by the Attorney General and the Secretary of the Treasury.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• OE has collected data and continues to collect data as required to accomplish the objectives of this project. Data collection is coordinated with the Departments of Justice and State, U.S. law enforcement and financial institution regulatory agencies, and other offices within Treasury.</li> <li>• OE prepares briefing materials for members of the U.S. interagency group involved in this initiative, as well as for Secretary Summers, Deputy Secretary Eizenstat, and other members of Treasury management, relative to this initiative.</li> <li>• During the drafting of the Act, OE staff briefed Congressional staff on OE plans for implementation. Since the Act's passage, OE briefs Secretary Summers, Deputy Secretary Eizenstat, Congressional staff, and others on the status and progress of this high priority initiative, as well as on specific issues.</li> <li>• The purpose of the project is to produce annual national strategies, including programs and initiatives to counter money laundering, both domestically and globally. OE drafted two comprehensive National Money Laundering Strategy documents that were issued within the past year; three additional annual strategies are statutorily required to be produced.</li> <li>• The Strategy calls for development and issuance of policies, directives, standards, regulations. OE is involved in the process of accomplishing those items and works</li> </ul>

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**Appendix I: Selected Projects and Ongoing Efforts Relating to Enforcement's Oversight, Policy Guidance, and Support Roles**

	<p>directly with other agencies and departments involved in achieving the Objectives and implementing the Action Items contained within the Strategy concerning these issues.</p> <ul style="list-style-type: none"> <li>• The Office of the Under Secretary oversees and OE staff participates in drafting the annual National Money Laundering Strategy and other reports relative to the Strategy.</li> <li>• OE monitors progress by all agencies and departments involved in implementation of the Objectives and Action Items contained within the Strategy. OE maintains a spreadsheet that reflects the current status of each Action Item. A significant number of Action Items are assigned to OE officials for implementation.</li> <li>• Drafts, reports, statements, legislation, and other written products are reviewed.</li> <li>• OE participated in and reviewed budget proposals for Treasury and the bureaus to implement the Strategy.</li> <li>• The interagency process is used to collect information needed to develop the strategy; draft Strategies are reviewed and cleared through the interagency process; the annual Strategies are issued jointly by Treasury and Justice; and coordination continues into the implementation stage. OE coordinates extensively with other departments, agencies, and offices, while maintaining the lead throughout the entire process.</li> <li>• Within the drafting and review process of the annual strategies, OE negotiates with the other agencies involved regarding priority items and specific Objectives and Action Items to accomplish Strategy goals. OE has the lead in this process.</li> <li>• OE prepares correspondence, speeches, talking points, press statements, and presentation remarks for Secretary Summers, Deputy Secretary Eizenstat, and others as needed relative to this project. Correspondence is maintained with the U.S. agencies and departments involved in the interagency group participating in this initiative.</li> <li>• Secretary Summers, Deputy Secretary Eizenstat, Under Secretary (Enforcement) Johnson, and others have testified relative to this initiative.</li> </ul>
Project duration	<p>Start date: October 1998</p> <p>Anticipated end date: 2003</p>
Enforcement staffing level on the project	<p>2 OE staff, plus 5 detailees from other agencies, 1 intern, and 1 administrative assistant (Money Laundering Task Force) who spent 75 to 100 percent of their time on the project.</p>
Project results	<p>Significant progress has been made. Two comprehensive National Money Laundering Strategies were issued within the past year and a number of Strategy Objectives and Action Items have already been achieved. For example, in implementing the Objective to "Apply increasing pressure on jurisdictions where lax controls invite money laundering" and the related Action Items, OE played a critical role in action taken in June 2000 by the Financial Action Task Force (FATF) when it published a list identifying 15 jurisdictions as non-cooperative based on its 25 criteria. Further, the U.S. Treasury Department/FinCEN issued Advisories to U.S. financial institutions on all 15 non-cooperative countries and territories (NCCTs) in July 2000. Not only the listed NCCTs, but numerous other countries and territories have taken considerable action to change their laws, regulations, and practices to bring them in line with international anti-money laundering standards as a direct result of this initiative. Jurisdictions have been and are currently taking concrete steps to correct deficiencies in their systems in an effort to be de-listed or to avoid being included on the NCCT list in the future.</p> <p>The Act also required the designation of High Intensity Money Laundering and Related Financial Crime Areas (HIFCAs) that concentrate law enforcement efforts at the federal, state, and local levels to combat money laundering. OE, through its support of the Money Laundering Task Force and interface with FinCEN, helped monitor the implementation of the HIFCA program and the process that designated four new HIFCAs in the 2000 Strategy. In addition, the Act called for the establishment of a federal grant program, the Financial Crime-Free Communities Support Program (C-FIC) to provide seed capital for emerging state and local counter-money laundering efforts. Treasury and Justice signed an MOU to govern the administration of the C-FIC and solicit applications from eligible candidates. The goal for 2000 is to award \$2.5 million in C-FIC grant funds.</p>

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#### 14. Black Market Peso Exchange Anti-Money Laundering Working Group

Mission and goal supported	Law enforcement mission: Combat financial crimes and money laundering
Primary responsibility	DAS (Enforcement Policy)
Primary role	Policy development and guidance
Purpose	To achieve the goal of dismantling the Black Market Peso Exchange money laundering system, the Under Secretary for Enforcement created the BMPE Interagency Working Group in 1998 to develop a comprehensive action plan to combine the efforts of federal, state, local, and international law enforcement agencies as well as the business and financial communities in understanding and undermining the BMPE. The working group brings together, in a coordinated effort, the tools of Treasury's and Justice's enforcement bureaus and the regulatory agencies. This effort ensures that federal law enforcement uses all its available resources in mounting a comprehensive attack against the BMPE system as a whole.
How project initiated	Self-initiated
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Enforcement Policy), DAS (RT&amp;T), ATF, Customs Service, FinCEN, IRS/CID, OFAC, Office of General Counsel</li> <li>Department of Justice, Department of State, DEA, FBI, Office of the Comptroller of the Currency, National Drug Information Center, U.S. Postal Service</li> <li>State and/or local governments, foreign governments, private sector</li> </ul>
Why Enforcement was involved	The BMPE is considered by many money laundering experts to be the largest money laundering system in the Western Hemisphere. To effectively combat a system of its magnitude requires an aggressive, integrated, and coordinated effort involving federal, state, local, international law enforcement as well as cooperation of the business community. The Office of Enforcement, with its law enforcement resources and its direct ties to the business community, was uniquely positioned to establish and lead this initiative.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>OE staff collected trade data, law enforcement BMPE case summaries, and other data necessary to prepare briefings and testimony related to the BMPE.</li> <li>Briefing materials were prepared for meetings with officials and background papers were prepared for use by the Attorney General, Deputy Secretary of the Treasury, and foreign officials engaged in the attack on the BMPE.</li> <li>Please briefly explain. Briefings were made to the Attorney General, Deputy Secretary of the Treasury, and foreign officials. For example, officials of Aruba, Colombia, Panama, and Venezuela are participating in a working group with the U.S. to further combat BMPE in the Western Hemisphere.</li> <li>The Working Group developed a BMPE Action Plan which included strategic objectives to be met in coordinating the fight against the BMPE and ensuring the cooperation of the business community. As part of its efforts, it has also developed and established an international BMPE Working Group and a domestic government/industry outreach program that will lead to the creation and adoption of an anti-money laundering compliance program and best practices guidelines.</li> <li>Through the government/industry outreach program, the Working Group is facilitating the development of standards and best practices that will be adopted by business and industry to combat the BMPE.</li> <li>As participants on the Working Group, OE staff draft input for Working Group reports, proposals, standards, etc.</li> <li>The Under Secretary of Enforcement established and oversees the activities of the Working Group, and OE staff participate as members of the Group.</li> <li>In addition to preparing written products associated with the efforts of the Working</li> </ul>

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**Appendix I: Selected Projects and Ongoing Efforts Relating to Enforcement's Oversight, Policy Guidance, and Support Roles**

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	<p>Group, Office of Enforcement staff reviews reports, proposals, and initiatives developed by the Working Group.</p> <ul style="list-style-type: none"> <li>• The BMPE Working Group is a large interagency program with a number of cross cutting initiatives. Among other things, Treasury Office of Enforcement directs the efforts of the Working Group and serves as a clearinghouse and coordinator for a number of those initiatives.</li> <li>• The BMPE money laundering system is a global problem. Outreach programs have been developed and implemented to engage the international community in the attack on this system. In establishing these programs, members of the Working Group, and OE staff, have on occasion had to meet and negotiate with international law enforcement and government officials.</li> <li>• A key component of the BMPE strategy is education of the national and international business communities on the BMPE process and measures that can be taken to avoid BMPE activity. To accomplish this objective, speeches have been written to increase the awareness of the business community to this money laundering system and steps that can be taken to avoid business involvement in it.</li> <li>• A key component of the BMPE strategy is education of the national and international business communities on the BMPE process and measures that can be taken to avoid BMPE activity. To accomplish this objective, the Under Secretary of Enforcement has made a number of speeches to trade associations to increase the awareness of its members to the BMPE. In addition, advisories have been published by the U.S. Customs Service and the Financial Crimes Enforcement Network.</li> <li>• The Working Group has held seminars and workshops for the business community to educate on the operations of the BMPE system and to provide information on how to avoid becoming involved in the system.</li> </ul>
Project duration	<p>Start date: February 1998</p> <p>No fixed end date</p>
Enforcement staffing level on the project	3 staff members who spent 25 to less than 50 percent of their time on the project.
Project results	<p>A BMPE Action Plan was developed and is being implemented by OE. Some of the results of the Working Group include:</p> <ol style="list-style-type: none"> <li>1. An enhanced understanding of the BMPE process by the federal, state, local, and international law enforcement communities has resulted in improved coordination and effectiveness of federal law enforcement BMPE investigations, data collection, and information sharing.</li> <li>2. The aggressive and successful domestic outreach program has resulted in a heightened awareness of the BMPE process and an increased level of cooperation of the Business community in developing anti-money laundering compliance programs.</li> <li>3. Development and implementation of an international Black Market Peso Exchange Working Group to examine the BMPE on a global scale will lead to the development of specific actions to be taken by member countries to attack the BMPE money laundering system.</li> <li>4. Mutual agreements and training programs with international partners have resulted in a dramatic improvement in the ability to detect and deter BMPE.</li> <li>5. Both FinCEN and Customs have issued Advisories alerting the financial community and the trade community to the warning signs of BMPE activity.</li> </ol>

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## 15. General Counterdrug Intelligence Plan—Development Phase

Mission and goal supported	Law enforcement mission: Reduce the trafficking, smuggling, and use of illicit drugs
Primary responsibility	DAS (Enforcement Policy)
Primary role	Policy development and guidance
Purpose	The General Counterdrug Intelligence Plan (GCIP) is designed to enhance the Nation's critical counterdrug intelligence structure to ensure counterdrug activities of the law enforcement and intelligence communities are prepared for the new century. The GCIP is intended to ensure that departmental policymakers, intelligence systems, and law enforcement professionals are able to act in a coordinated and efficient manner to curtail the activities of criminal drug organizations.
How project initiated	Other <sup>a</sup> : the review that produced the GCIP was commissioned by the Attorney General, Director of Central Intelligence, Secretary of the Treasury, and Director of ONDCP, and supported by the Secretaries of Defense, Transportation, and State. This review was an extension of and expansion on recommendations made by a White House Task Force that studied national counterdrug intelligence in response to a requirement in the 1998 Treasury and General Government Appropriations Act.
Parties involved	
• Treasury	• Under Secretary, Assistant Secretary (Enforcement), DAS (Enforcement Policy), DAS (Law Enforcement), DAS (RT&T), Customs Service, FinCEN, IRS/CID, Office of General Counsel
• Other federal departments or agencies	• Department of Defense, Department of Justice, Department of State, Department of Transportation, Coast Guard, DEA, FBI, National Security Council, ONDCP, Intelligence Community
• Other	• None
Why Enforcement was involved	As the GCIP was commissioned at the Cabinet level, Departmental level participation was necessary from the beginning of the project. The goal of the GCIP is extremely broad, establishing an interagency architecture that supports agents and intelligence analysts in the field; improves Federal, State, and local relationships; promotes international cooperation; and responds to the needs of Departmental policymakers as they formulate counterdrug policies and resource decisions.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Led Treasury efforts to gather data from the various bureaus in support of interagency review of counterdrug activities.</li> <li>• Prepared numerous reports and background papers for the GCIP review team on bureau missions, positions on issues, relationships among enforcement agencies, foreign presence, sharing and disseminating information, etc. Also prepared written briefings for Treasury officials on the status of GCIP progress.</li> <li>• Provided periodic briefings for Enforcement and bureau officials on the status of GCIP plans, objectives, progress, etc.</li> <li>• As a member of the interagency review team, developed plans and drafted initiatives and strategies for GCIP action items.</li> <li>• Drafted proposed standards for future law enforcement and intelligence community action covering the gamut of GCIP topics, including information technology, training, State and local relationships, foreign government cooperation, national intelligence centers, and cross-jurisdictional coordination.</li> <li>• Drafted reports for use by the GCIP review team and drafted portions of the final GCIP.</li> <li>• Oversaw input by bureaus and, at the DAS level, oversaw progress of GCIP review team.</li> <li>• In addition to participating as a working member of the GCIP review team, Treasury Enforcement served on the Deputy Assistant Secretary/Assistant Commissioner of Assistant Director-level Counterdrug Intelligence Coordinating Group (CDICG) which reviewed and monitored objectives, progress, and written product of the review team.</li> <li>• As both a member of the GCIP review team and the CDICG, Enforcement coordinated with 13 Federal agencies and departments to develop a consensus on the GCIP</li> </ul>

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**Appendix I: Selected Projects and Ongoing  
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	<p>findings and initiatives. Much negotiations to ensure that issues of importance to Treasury law enforcement were included in the final plan.</p> <ul style="list-style-type: none"> <li>• As a member of the GCIP review team, prepared correspondence on behalf of team and the CDICG. Prepared remarks for Under Secretary to present at formal interagency press roll-out of the GCIP.</li> <li>• The Under Secretary delivered remarks at formal interagency press roll-out of the GCIP.</li> </ul>
Project duration	<p>Start date: September 1997</p> <p>End date: February 2000</p>
Enforcement staffing level on the project	5 staff members: spent 25 to less than 50 percent of their time on the project.
Project results	The direct result of the project was the issuance of the GCIP in February 2000, which provided an integrated, strategically oriented counterdrug intelligence framework to enhance future counterdrug operations. The framework included a series of 73 concrete action items to achieve the plan and established a new cooperative coordination mechanism consisting of agencies in the law enforcement and intelligence communities.

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<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.

## 16. Report to Congress on Southwest Border

Mission and goal supported	Law enforcement mission: Reduce the trafficking, smuggling, and use of illicit drugs
Primary responsibility	DAS (Enforcement Policy)
Primary role	Oversight
Purpose	In response to Congressional directive in the 1999 Treasury-Postal Appropriation, working with USCS, ONDCP, and DOJ to provide a report on efforts to improve coordination among federal law enforcement agencies on the US Southwest Border.
How project initiated	Other Congressional direction <sup>a</sup> : language in the 1999 Treasury-Postal Appropriation Act (Sec 629) directed the report.
Parties involved	
• Treasury	• Under Secretary (Enforcement), DAS (Enforcement Policy), DAS (RT&T), Customs Service, Leg Affairs, Office of General Counsel
• Other federal departments or agencies	• Department of Defense, Department of Justice, Department of State, Department of Transportation, Coast Guard, DEA, EOUSA, FBI, INS, OMB, ONDCP
• Other	• None
Why Enforcement was involved	Congressional language directed that the Secretary (in conjunction with the Attorney General and the Director of ONDCP) submit the report. Since the substance of Congressional concerns dealt with interdicting drugs, Enforcement was tasked.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Collect and organize data from USCS, INS, and ONDCP.</li> <li>• Prepare update briefings for Under Secretary, Secretary and Deputy Secretary on project status.</li> <li>• Brief Secretary, Deputy Secretary and Under Secretary on project status.</li> <li>• The project consists of preparing a written report for submission to Congress. Treasury (Enforcement) took responsibility as the principal drafter of the report, ensuring coordination with the other agencies as required.</li> <li>• Review and incorporate (as appropriate) USCS and INS implementation plans for the Border Coordination Initiative, DOJ and EOUSA submissions, and field office strategy documents. Evaluate program results from BCI as provided in monthly reports for inclusion in the report to Congress.</li> <li>• The principal effort of this office since it developed the first draft of the report has been to mediate disputes between various concerned parties (INS, Border patrol, EOUSA, ODAG, HIDTA, ONDCP/Supply Reduction, ONDCP/State &amp; Local, USCS), and to negotiate changes to text as requested by each.</li> <li>• Prepare correspondence from Treasury officials to counterparts (Assistant Secretary and Under Secretary level). Draft and coordinate within Treasury and the interagency joint memoranda from the Secretary, the AG, and ONDCP Director to Congressional leaders.</li> </ul>
Project duration	Start date: February 1999 Anticipated end date: October 2000
Enforcement staffing level on the project	2 staff members who spent 25 to less than 50 percent of their time on the project.
Project results	Unknown. The final interagency-approved draft of the report was completed in May, 2000. Secretary Summers and Attorney General Reno signed the transmittal to Congress in June and August, 2000 respectively.

<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.



## 17. Annual Narcotics Certification

Mission and goal supported	Law enforcement mission: Reduce the trafficking, smuggling, and use of illicit drugs
Primary responsibility	DAS (Enforcement Policy)
Primary role	Policy development and guidance
Purpose	The State Department makes recommendations to the President as to whether he certifies that the world's major drug-producing and transit countries are fully cooperating in our anti-narcotics trafficking efforts, or taking sufficient steps on their own. Before making these recommendations, State leads an interagency process to obtain consensus. The President announces his decision by March 1 of each year. Following the process, State publishes the International Narcotics Cooperation Strategy Report (INCSR) which provides the background for the Presidential determinations. The INCSR includes country reports not only on narcotics, but also on money laundering. The text of the INCSR is reviewed in an interagency process, culminating in the March 1 publication. Thereafter, the interagency players review demarches to be sent to the countries, describing what factors will be evaluated in the certification process for the following calendar year.
How project initiated	Statutory requirement
Parties involved	
• Treasury	• Under Secretary (Enforcement), DAS (Enforcement Policy), ATF, Customs Service, FinCEN, IRS/CID, OASIA
• Other federal departments or agencies	• Department of Defense, Department of Justice, Department of State, Department of Transportation, Coast Guard, DEA, FBI, National Security Council, OMB, ONDCP, CIA, HHS
• Other	• Foreign governments
Why Enforcement was involved	Narcotics certification, including the money laundering component, involves over-arching government policy-making in an interagency context. OE is the best place to coordinate all of the bureaus' input into that decision-making process.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Collect data on narcotics seizures, money laundering, and foreign governments' financial systems and cooperation with Treasury bureaus.</li> <li>• Preparation for interagency certification meetings including information described above.</li> <li>• Prepare updates for Secretary and Deputy Secretary on certification process; prepare decision memorandum for final certification recommendations.</li> <li>• Review demarches to foreign governments.</li> <li>• Participate in interagency certification strategic decisions, recommend Departmental concurrence in these decisions.</li> <li>• Participate in drafting of annual INCSR.</li> <li>• Review INCSR drafts, review certification demarche drafts.</li> <li>• Participate in interagency certification decision process using Treasury bureaus' input.</li> <li>• Advocate Treasury's position as to specific countries' certification in interagency process.</li> <li>• Some years, Treasury has been required to testify before Congress as to certification recommendations.</li> </ul>
Project duration	Start date: 1987 No fixed end date
Enforcement staffing level on the project	4 staff members who spent 10 to less than 25 percent of their time on the project. Note: While meetings are going on December-February, it's considerably more than 25 percent.
Project results	Treasury has contributed to the INCSR published annually since 1987 by the State Department. Treasury has contributed to the recommendations to the President as to certification each year. Some years, Treasury has been required to testify before Congress as to certification and the factors considered in the recommendations.

## 18. General Counterdrug Intelligence Plan—Implementation

Mission and goal supported	Law enforcement mission: Reduce the trafficking, smuggling, and use of illicit drugs
Primary responsibility	DAS (Law Enforcement)
Primary role	Oversight
Purpose	The purpose of the project is to implement the 73 action items in the General Counterdrug Intelligence Plan (GCIP). The GCIP is designed to enhance the Nation's critical counterdrug intelligence structure to ensure counterdrug activities of the law enforcement and intelligence communities are prepared for the new century. The GCIP is intended to ensure that departmental policymakers, intelligence systems, and law enforcement professionals are able to act in a coordinated and efficient manner to curtail the activities of criminal drug organizations.
How project initiated	Presidential Initiative: the GCIP has been an Administration initiative that builds on the National Drug Control Strategy.
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>DAS (Law Enforcement), Finance and Administration, ATF, Customs Service, FinCEN, FLETC, IRS/CID, OFAC, Secret Service, Office of Management, Treasury Legislative Affairs, General Counsel, Information Systems</li> <li>Department of Defense, Department of Justice, Department of State, Department of Transportation, Coast Guard, DEA, FBI, National Security Council, OMB, ONDCP, Intelligence Community</li> <li>State and/or local governments, foreign governments</li> </ul>
Why Enforcement was involved	The GCIP is an Administration initiative. The goal of the GCIP is extremely broad, establishing an interagency architecture that supports agents and intelligence analysts, in the field; improves Federal, State, and local relationships; promotes international cooperation; and responds to the needs of Departmental policymakers as they formulate counterdrug policies and resource decisions.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>Gather data from bureaus on existing and proposed efforts to implement GCIP action item, including data on personnel, recruitment, training, information technology, etc.</li> <li>Prepare background materials and briefing papers on the objectives of the GCIP, and on funding for the Counterdrug Intelligence Secretariat (CDX). The CDX is the staff arm of the Counterdrug Intelligence Coordinating Group (CDICG), the interagency coordinating body overseeing the overall Federal implementation of the GCIP.</li> <li>To date, briefings have been made to staff of various Congressional committees and to the CDICG.</li> <li>Develop strategies for implementation of GCIP action items by Treasury bureaus.</li> <li>Oversee implementation of GCIP action items by Treasury enforcement bureaus.</li> <li>Prepared proposals seeking waiver of appropriations statutory language prohibiting reprogramming of agency funds for interagency committees. Due to the issuance of the GCIP so late in the fiscal year, no funding was included in FY 2000 appropriations for the CDX activities. A waiver was required to permit agencies to reprogram funds to the Department of Justice (which provides administrative services for CDX) for FY 2000. Funding for future years is included in ONDCP appropriations.</li> <li>Coordinate with Treasury enforcement bureaus, the CDX, and with other CDICG members on implementation of GCIP action items.</li> <li>Certain GCIP action items relate to coordination with foreign governments on counterdrug intelligence. Since formal operations under the GCIP were initiated in February 2000, the CDICG and the CDX have already stepped in to resolve a potentially serious problem relating to the sharing of U.S. counterdrug alert information among foreign nation liaison officers participating in the Joint Interagency Task Force (JIATF).</li> </ul>
Project duration	Start date: February 2000 No fixed end date
Enforcement staffing level on the project	3 staff members who spent 10 to less than 25 percent of their time on the project.

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**Appendix I: Selected Projects and Ongoing  
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Project results	The GCIP action items focus on six broad areas: a policy-level coordination mechanism; coordination among the four national intelligence centers; regional, state, and local coordination; foreign coordination; intelligence analyst development and training; and information technology. The policy-level coordinating mechanism—the CDICG—has been established, and a relationship has been formed among the four national intelligence centers. The agencies represented on the CDICG, as well as many other Federal agencies, are working together to achieve progress in implementing the action items addressing all the GCIP initiatives.
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## 19. Foreign Narcotics Kingpin Designation Act

Mission and goal supported	Law enforcement mission: Reduce the trafficking, smuggling, and use of illicit drugs
Primary responsibility	Assistant Secretary (Enforcement)
Primary role	Oversight
Purpose	To oversee the development of Treasury's position and coordinate the Administration's response to the Kingpin Act prior to its passage by the Congress in December 1999; and to monitor the implementation of the Kingpin Act by the Office of Foreign Assets Control through the first Presidential designations in June 2000. OE will continue to monitor the Kingpin program implementation in the future.
How project initiated	Self-initiated and statutory requirement: the Assistant Secretary (Enforcement) took the lead in developing Treasury's position and coordinating with other agencies on the proposed Kingpin bill. Enforcement worked with OFAC on the process to prepare, in coordination with other agencies, the first Presidential designations of narcotics kingpins, as required by the legislation.
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Enforcement Policy), Finance and Administration, Customs Service, IRS/CID, OFAC, Office of International Affairs, Office of Legislative Affairs, Office of General Counsel</li> <li>Department of Defense, Department of Justice, Department of State, DEA, FBI, National Security Council, ONDCP, Intelligence Community</li> <li>None</li> </ul>
Why Enforcement was involved	Enforcement took the lead because of the policy-level decisions to be made and due to the extensive coordination required, not only among offices within the Treasury, but with agencies outside of Treasury.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>Collected data on resources required by OFAC and other Treasury bureaus to implement the Kingpin Act and on the type of information that would be needed by OFAC to develop designations.</li> <li>Prepared briefing materials and talking points for high-level Treasury and other government officials on the Act provisions, procedures for implementation, and impact of bill.</li> <li>Enforcement and OFAC briefed Treasury, Justice, ONDCP and State officials, including embassy personnel.</li> <li>Worked with OFAC to develop implementation strategies in response to changes as the legislation progressed in the Congress and for the final Kingpin Act.</li> <li>In coordination with other Treasury offices, developed Treasury policy and positions for the Secretary on the Kingpin Act.</li> <li>Monitored OFAC's coordination with other agencies in the development of the first narcotics kingpin designations by the President under the new Act.</li> <li>Reviewed drafts of proposed legislation, briefing materials, and program implementation plans.</li> <li>Worked with OFAC to develop proposals to seek funding for OFAC implementation of the Kingpin Act through emergency supplementals and through the FY 2001 appropriations request.</li> <li>The Assistant Secretary coordinated with Justice officials on plans and procedures for Kingpin Act implementation.</li> <li>Enforcement and OFAC briefed Mexican officials and Mexican business community on the Kingpin Act provisions. OE, working with OFAC, drafted talking points on the Act's provisions for use by Administration officials in meetings with foreign officials.</li> <li>Reviewed correspondence, testimony, and briefing materials responding to inquiries and questions on the Kingpin Act.</li> </ul>
Project duration	Start date: February 1999 No fixed end date

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**Appendix I: Selected Projects and Ongoing  
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Enforcement staffing level on the project	4 staff members who spent 10 to less than 25 percent of their time on the project.
Project results	On June 1, 2000, the President designated 12 narcotics kingpins from four countries pursuant to the Foreign Narcotics Kingpin Designation Act. The designations were jointly recommended to the President by the Departments of Treasury, Justice, State, and Defense, and the CIA. The effect of the June 1 designations is to impose sanctions against the 12 kingpins that target their financial and business operations. There will be additional designations of narcotics kingpins and their front companies and individuals at least yearly, as required by the Act. OE will continue to monitor the future implementation efforts and required reports to Congress of this highly visible program.

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## 20. US-Mexico High Level Contact Group for Drug Control

Mission and goal supported	Law enforcement mission: Reduce the trafficking, smuggling, and use of illicit drugs
Primary responsibility	Under Secretary (Enforcement)
Primary role	Policy development and guidance
Purpose	<p>The HLCG is the mechanism for coordinating bilateral policies and actions on the entire range of counterdrug issues, to include demand reduction, illicit drug production and trafficking, law enforcement cooperation and training, anti-money laundering efforts, attack on criminal organizations, anti-corruption efforts, and anti-illegal firearms trafficking. The HLCG meets twice annually in plenary, and its subordinate working groups meet more frequently.</p> <p>The HLCG is chaired by the US ONDCP Director and the Mexican Foreign Minister and Attorney General. Group membership includes representatives from both nations' Finance, Justice, Defense, Health, and Foreign ministries. US representatives are from NSC, DOJ, FBI, DEA, USMS, INS, Treasury, USCS, ATF, IRS-CI, FinCEN, State-INL, State-WHA, US Ambassador to Mexico, USCG, DOD, JCS, USIC, HHS, and SAMHSA. Treasury is represented by the Under Secretary for Enforcement.</p> <p>HLCG has a number of subordinate working groups. Treasury participates in the USG Mexico Core Group at the Under Secretary level (approximately 6 times per year), in bilateral Steering Committee at the Assistant Secretary level (approximately 4 times per year), and chairs bilateral technical working groups on money laundering and firearms trafficking (approximately 2-3 times per year for each).</p>
How project initiated	Presidential initiative
Parties involved	
• Treasury	• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Enforcement Policy), DAS (Law Enforcement), ATF, Customs Service, FinCEN, IRS/CID, OASIA
• Other federal departments or agencies	• Department of Defense, Department of Justice, Department of State, Department of Transportation, Coast Guard, DEA, FBI, INS, National Security Council, CIA, HHS, USMS
• Other	• Foreign governments
Why Enforcement was involved	Departmental participation was mandated by the Presidential directive. Enforcement, as the lead for issues related to US counterdrug activities within Treasury, coordinates Treasury and bureau participation in the HLCG process.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Collect investigative data, and information on current counterdrug activities in the US and Mexico.</li> <li>• Prepare briefings for Under Secretary's and Assistant Secretary's use at multiple Core Group and Steering Committee meetings. Prepare background, briefing materials, and presentations for Under Secretary's use at HLCG plenaries.</li> <li>• Brief Secretary and Deputy Secretary on HLCG status and specific issues, also brief Under Secretary in preparation for Core Group, Steering Committee meetings.</li> <li>• Develop USG proposals for bilateral actions against money laundering and firearms trafficking. Draft those portions of the Binational Drug Strategy, and coordinate within Treasury and the US interagency.</li> <li>• Participate in drafting USG policy on cooperative efforts with Mexico (e.g. The US-Mexico Alliance Against drugs signed by Presidents of both countries, the Brownsville-Merida agreements signed by Attorneys General of both countries, and the bilateral Memorandum of Agreement on Cross Border Monetary Instrument Reporting signed by Under Secretary for Enforcement and his Mexican counterpart). Developed and coordinated within Treasury and the US interagency performance measures of effectiveness for the Binational Drug Strategy and negotiated with Mexican officials the final adopted version of those measures.</li> <li>• As US chair of the bilateral working groups on money laundering and firearms trafficking, prepare periodic reports on the mission, goals, and activities of the working groups for the Secretary as well as the HLCG principals.</li> </ul>

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**Appendix I: Selected Projects and Ongoing Efforts Relating to Enforcement's Oversight, Policy Guidance, and Support Roles**

	<ul style="list-style-type: none"> <li>• HLCG is both bilateral and interagency. Treasury equities require extensive interagency coordination to develop USG positions and action plans, as well as negotiating positions and tactics for dealing with Mexican counterparts.</li> <li>• Prepare speeches and presentations for use at HLCG plenaries as well as at bilateral Steering Committee and technical working group meetings.</li> <li>• Make presentations to Cabinet level officials and media at HLCG plenary sessions.</li> </ul>
Project duration	<p>Start date: March 1996</p> <p>No fixed end date</p>
Enforcement staffing level on the project	2 staff members who spent 25 to less than 50 percent of their time on the project. At times this has risen to as much as 80 to 100 percent.
Project results	<p>Improved coordination between the US and Mexico on counterdrug issues. Specific accomplishments are detailed in the US-Mexico Alliance Against drugs signed by Presidents of both countries, the Binational Drug Strategy and the related performance measures. Among other things, specific areas of increased cooperation enhanced under Treasury Enforcement's leadership include:</p> <ul style="list-style-type: none"> <li>• the bilateral Memorandum of Agreement on Cross Border Monetary Instrument Reporting signed by Under Secretary for Enforcement and his Mexican counterpart,</li> <li>• adoption by Mexico of regulations implementing its anti-money laundering law,</li> <li>• U.S. assistance to Mexico through ATF on tracing firearms used in crimes in Mexico,</li> <li>• Mexico undertaking the required steps to join the Financial Action Task Force (the leading international anti-money laundering organization),</li> <li>• enhanced cooperation between Treasury law enforcement and the Government of Mexico on money laundering and illegal firearms trafficking cases.</li> </ul>

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## 21. Plan Colombia

Mission and goal supported	Law enforcement mission: Reduce the trafficking, smuggling, and use of illicit drugs
Primary responsibility	DAS (Enforcement Policy)
Primary role	Policy development and guidance
Purpose	Working with bureaus, propose projects for assisting government of Colombia in its counter-narcotics efforts. Following Congressional passage of supplemental funding package for numerous program areas, refine bureau implementation plans and negotiate funding from justice sector funds with DOJ and other agencies.
How project initiated	Other <sup>a</sup> : Colombian President Pastrana approached the USG and requested our assistance with his \$7.5 billion Plan Colombia program. The Administration proposed a package to support Mr. Pastrana, and the Congress ultimately approved \$1.3 billion in funding to assist Colombia and other regional governments with counter-narcotics efforts including equipment and training for Colombian military and law enforcement, eradication, and alternative development. A Presidential Decision Directive laid out areas of responsibility for agency involvement.
Parties involved	
• Treasury	• Under Secretary (Enforcement), DAS (Enforcement Policy), Finance and Administration, ATF, Customs Service, FinCEN, IRS/CID, OFAC, Secret Service, Office of Management, OASIA, Office of Technical Assistance
• Other federal departments or agencies	• Department of Defense, Department of Justice, Department of State, Department of Transportation, Coast Guard, DEA, FBI, National Security Council, OMB, ONDCP, CIA
• Other	• Foreign governments, IMF, World Bank, human rights NGO's
Why Enforcement was involved	Enforcement coordinated the input of all the bureaus into the Department's proposals from the initial Administration package, and continuing through the current negotiations with other agencies as to implementation plans.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Collect proposals, organize implementation planning package for transmission to other agencies, collect information on current activities in Colombia and surrounding countries.</li> <li>• Prepare briefings for multiple Deputies' Committee meetings at NSC, also for Under Secretary's use at Executive Committee meetings, and for Secretary and Deputy Secretary on project status.</li> <li>• Brief Secretary on project status, also brief Deputy Secretary and Under Secretary in preparation for Deputies Committee and Executive Committee meetings on project.</li> <li>• Develop complete package of proposals and implementation plans for Department's Plan Colombia activities.</li> <li>• Participate in drafting Presidential Decision Directive, implementation plans for Congress, strategy documents outlining goals and plans.</li> <li>• Once implementation begins, Enforcement staff will oversee and monitor bureau projects, as well as coordinate them with other participants in justice sector areas</li> <li>• Review PDD, implementation plans, strategy documents, bureaus' proposals and implementation plans.</li> <li>• Entire project deals with seeking funding for assistance to Plan Colombia.</li> <li>• Project is interagency, also represent Treasury interest in planning process for particular sectors of project.</li> <li>• Work within DOJ-led process to plan implementation of justice sector programs.</li> </ul>
Project duration	Start date: March 1999 No fixed end date
Enforcement staffing level on the project	2 staff members who spent 25 to less than 50 percent of their time on the project. At times, this has risen to as much as 80-100 percent.



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Project results

The Colombia funding supplemental included \$68 million for Customs radar upgrades, \$1 million for Customs' Americas Counter Smuggling Initiative, involving outreach to business; \$2 million for Customs police training, \$1 million for OASIA/Office of Technical Assistance (OTA) for banking supervision assistance, and \$500k for OASIA/OTA for tax revenue enhancement.

Treasury's bureaus and the Office of Enforcement have sought \$5.3 million in funding from several sources in a justice sector planning process for other training and equipment for the government of Colombia.

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<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.

## 22. National Church Arson Task Force

Mission and goal supported	Law enforcement mission: Fight violent crime
Primary responsibility	Under Secretary (Enforcement)
Primary role	Policy development and guidance
Purpose	Implementation of President Clinton's three-part strategy to combat the scourge of arsons at our nation's houses of worship—particularly African American churches in the South.
How project initiated	Other <sup>a</sup> : in response to the President's directive to address the issue of church arsons, the Departments of Treasury and Justice established the National Church Arson Task Force.
Parties involved	
• Treasury	• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Enforcement Policy), Finance and Administration, ATF, Office of General Counsel, Office of Legislative Affairs, Office of Public Affairs
• Other federal departments or agencies	• Department of Justice, EOUSA, FBI, Department of Housing and Urban Development, Federal Emergency Management Agency
• Other	• State and/or local governments, private sector
Why Enforcement was involved	The interagency National Church Arson Task Force is a Presidential initiative. The Assistant Secretary (Enforcement) was designated Co-chair of the Task Force, and has continued in that capacity as Under Secretary (Enforcement).
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• ATF maintains data on incidents of church arson. The Department of Justice maintains data on prosecutions and convictions of the arsonists. In preparing reports, testimony, speeches and other materials, Enforcement staff gather relevant information from ATF and DOJ.</li> <li>• Background and briefing materials have been prepared for high-level Treasury and Justice officials, Task Force members and for the public on Task Force efforts.</li> <li>• Oral briefings have been presented to Treasury officials and to Task Force members.</li> <li>• In coordination with ATF, DOJ and others, developed guidelines and strategies for investigation by Federal law enforcement agencies of church arson incidents.</li> <li>• Developed a list of best practices for interagency coordination. Coordinated with ATF on the development of recommendations for the public on preventing church arsons. Also, in coordination with ATF, DOJ and others, developed operational protocols and guidelines for operations of Task Force.</li> <li>• Prepare Task Force reports to the President. An interim report and four annual reports have been submitted to the President since creation of the Task Force.</li> <li>• In coordination with the Department of Justice, monitor progress of ATF investigations and DOJ prosecutions of church arsons.</li> <li>• In conjunction with preparation of reports to the President and other documentation, review ATF reports of arson investigation results.</li> <li>• In 1996, additional funding was requested (and obtained) to support ATF investigations of church arsons.</li> <li>• Coordinate regularly with other agency members of the National Church Arson Task Force.</li> <li>• Prepare correspondence, draft speeches and testimony for then Assistant Secretary (Enforcement) and now Under Secretary (Enforcement) on ATF efforts and progress of Task Force.</li> <li>• The Under Secretary (Enforcement) has delivered numerous speeches and presented testimony on Task Force efforts and the highly successful ATF investigation and of church arsons. The Chief of Staff (Enforcement) has made presentations on the work of the Task Force at workshops sponsored by the Department of Housing and Urban Development.</li> </ul>
Project duration	Start date: June 1996 No fixed end date
Enforcement staffing level on the project	4 staff members who spent less than 10 percent of their time on the project.

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Project results	Successful results of the National Church Arson Task Force include: a decline in the number of reported church arsons; a rate of arrest for church arsons that is more than double the national average for arsons generally; an increased focus on fire prevention at churches; financial support for rebuilding of houses of worship destroyed by arson; and preparation and distribution of a threat assessment guide for churches.
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<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.

## 23. National Special Security Events

Mission and goal supported	Law enforcement mission: Fight violent crime
Primary responsibility	DAS (Law Enforcement)
Primary role	Oversight
Purpose	Presidential Decision Directive 62 requires the full protective and consequence management capabilities of the Federal Government to be made available if a major event is designated a National Special Security Event. OE oversees process under which events are proposed and designated, and oversees the security provided for those events designated as NSSEs.
How project initiated	Presidential initiative
Parties involved	
• Treasury	• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Enforcement Policy), DAS (Law Enforcement), Finance and Administration, ATF, Customs Service, IRS/CID, Secret Service
• Other federal departments or agencies	• Department of Defense, Department of Justice, FBI, National Security Council, Federal Emergency Management Administration
• Other	• State and/or local governments
Why Enforcement was involved	OE provides direction and leadership to the two Treasury bureaus mentioned in PDD-62, the Secret Service and the Customs Service. OE provides a broader perspective on each bureau's assigned roles and assists in exploring alternative funding for these events. Additionally, OE is aggressively spearheading a more concrete understanding of the criteria and process for the designation of an event to the NSSE level.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Collected data on specific events proposed and on proposed security plans. Collected informational data for resources and funding purposes. Data collected to respond to Congressional and Executive inquiries.</li> <li>• Prepare informational materials for the Secretary and his Staff within Treasury as part of process to obtain approval to designate an event as an NSSE.</li> <li>• Briefings for Secretary and his Staff and the Attorney General. Briefings for other officials directly affected by the event. (e.g. Mayors and Police Chiefs in Los Angeles and Philadelphia for both National Political Conventions).</li> <li>• Draft initiatives to amend program processes for strengthening the standards for the designations of NSSEs.</li> <li>• Develop new standards and criteria for designating NSEEs.</li> <li>• Extensive meetings and "table top" security exercises with the bureaus and outside entities relating to NSSEs. Trips to event sites and participation at the events to support the bureaus and to provide ongoing reports to Treasury officials of event activities.</li> <li>• Reviewed reports from the perspective bureaus and the Counter-Terrorism and Security Group (CSG)</li> <li>• Developed, reviewed budget proposals, proposed, and continued to seek and explore alternative sources of funding for NSSEs through the Legislative and Executive Branches.</li> <li>• Coordinate and mediates among all respective parties on issues, including air interdiction, funding proposals, and the actual designation of an event. Problem solving with DOJ.</li> <li>• Responding to correspondence from the National Security Council relating to designation.</li> <li>• Congressional testimony (appropriations) relating to NSSEs.</li> </ul>
Project duration	Start date: May 1998 No fixed end date
Enforcement staffing level on the project	4 staff members who spent 25 to less than 50 percent of their time on the project.

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**Appendix I: Selected Projects and Ongoing  
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Project results	The PDD was drafted and cleared with the White House and ultimately approved. OE led effort to develop and implement processes for designating events as NSSEs. OE has been able to achieve some limited funding for events. The relationship of Treasury bureaus with state, local, and Federal law enforcement has been strengthened as the result of the cooperation exhibited in participating in the events. There were five NSSEs designated in FY 2000. All were successfully completed. It is estimated that about three events per year will be designated NSSEs in the future. The Presidential Inauguration in 2001 and the 2002 Winter Olympics also were designated as NSSEs.
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## **24. Five-Year Counterterrorism Plan**

Mission and goal supported	Law enforcement mission: Fight violent crime
Primary responsibility	DAS (Law Enforcement)
Primary role	Oversight
Purpose	To develop and implement a unified government-wide plan to combat terrorism.
How project initiated	Other Congressional direction <sup>a</sup> : the FY 1998 Appropriations Bill required that the Department of Justice lead an inter-agency process to develop a comprehensive five-year counter-terrorism plan.
Parties involved	
• Treasury	• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Enforcement Policy), DAS (Law Enforcement), Finance and Administration, ATF, Customs Service, FinCEN, FLETC, IRS/CID, OFAC, Secret Service, Office of Management
• Other federal departments or agencies	• Department of Defense, Department of Justice, Department of State, Department of Transportation, Coast Guard, EOUSA, FBI, INS, National Security Council, OMB, CIA
• Other	• None
Why Enforcement was involved	The initial project was led by DOJ, so it was appropriate that Treasury respond at the Departmental level. Additionally, the Department could provide a broader, more coordinated, and more comprehensive approach than the individual bureaus. The implementation of the plan requires the oversight of the Department.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Information regarding the current counter-terrorism activities of the bureaus, as well as proposals for new programs was gathered, reviewed, organized, and provided to DOJ.</li> <li>• Prepared briefing materials for the Under Secretary, Secretary and other senior officials.</li> <li>• Briefed Congressional staff.</li> <li>• Worked with bureaus to develop proposals to address emerging terrorist threats.</li> <li>• Held coordinating meeting to develop a unified Treasury position. Organized representation on the various working groups that developed the Plan.</li> <li>• Reviewed and corrected all written submission, all draft versions of the Plan, coordinated the clearance of the Plan through Treasury.</li> <li>• Determined the cost of new initiatives identified in the Plan, proposed funding for these initiatives as part of the budget process. Continue to advocate for funding for these initiatives.</li> <li>• Participated as the representative of the Department at senior level meetings, coordinated closely with DOJ on the elements of the Plan, vigorously defended the bureaus' initiatives and programs, mediated disputes that arose.</li> <li>• Drafted letters to senior DOJ officials to obtain representation in the coordinating group, and regarding areas of disagreement with the draft Plan.</li> <li>• Enforcement continues to coordinate the implementation of the Treasury action items contained in the plan, and provide information for inclusion in the yearly update of the Plan.</li> </ul>
Project duration	Start date: Early 1998 No fixed end date
Enforcement staffing level on the project	2 staff members who spent 75 to 100 percent of their time on the project for 8 months, then 25 to 50 percent for about 3 months, and then about 10 percent.
Project results	A comprehensive interagency Plan, which contained many of the ideas and initiatives proposed by Treasury and its bureaus, was developed and has been updated each year.

<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.

## 25. 2001 Terrorism Supplemental

Mission and goal supported	Law enforcement mission: Fight violent crime
Primary responsibility	DAS (Law Enforcement)
Primary role	Support
Purpose	To strengthen our nation's counterterrorism efforts, OE requested funding for additional counterterrorism programs for the Treasury law enforcement bureaus and offices.
How project initiated	Presidential initiative
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Law Enforcement), Finance and Administration, ATF, Customs Service, FinCEN, IRS/CID, OFAC, Secret Service, Office of Management, Office of Legislative Affairs</li> <li>• Department of Defense, Department of Justice, Department of State, FBI, INS, National Security Council, OMB</li> <li>• None</li> </ul>
Why Enforcement was involved	In late March 2000, at the request of OMB, Treasury was requested to submit proposals for a possible counterterrorism supplemental. OE met with all Treasury law enforcement bureaus to discuss, review and evaluate each bureaus counterterrorism programs. Each bureau was requested to submit supplemental funding requests to enhance these programs. OE coordinated these funding requests with OMB.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• All bureaus submitted supplemental funding requests to OE. OE collected and "packaged" these requests for submission to OMB. At the request of OMB, OE was required to prioritize these submissions.</li> <li>• OE prepared voluminous briefing and background materials on Treasury-wide counterterrorism programs.</li> <li>• OE briefed Treasury officials and OMB officials on our counterterrorism supplemental requests on a number of occasions. OE also briefed Congressional appropriators on our request.</li> <li>• In addition to our efforts to enhance existing bureau programs, OE proposed a new Treasury terrorist asset tracking initiative. This new initiative was applauded by OMB and efforts are underway to fund this new program.</li> <li>• The DAS (LE) and OF&amp;A prepared extensive budget-related reports for submission to OMB in conjunction with the supplemental appropriations process.</li> <li>• OE continues to monitor the progress of this counterterrorism initiative.</li> <li>• Develop or review budget proposals, seek funding—as previously mentioned, this project is specifically related to a supplemental funding request pertaining to our counterterrorism efforts.</li> <li>• At the request of OMB, OE submitted this proposal as a consolidated Treasury counterterrorism request. Extensive coordination was required with all bureaus. Each bureau was required to submit its draft counterterrorism funding request to OE. After consultation with each bureau and an internal OE review, a Treasury Counterterrorism supplemental funding request was submitted to OMB approximately 4 weeks after this initiative began.</li> <li>• Appropriate correspondence prepared for OMB regarding the supplemental funding initiative.</li> </ul>
Project duration	Start date: March 2000 Anticipated end date: October 2000
Enforcement staffing level on the project	9 staff members who spent 10 to less than 25 percent of their time on the project.
Project results	A supplemental budget proposal was developed and approved within Treasury and sent to OMB. The Treasury proposal was approved by OMB and forwarded to Congress. Funds for counterterrorism were included in the approved 2001 budget.

## 26. Commerce in Firearms (CIF) Report and Regulatory Enforcement Project

Mission and goal supported	Law enforcement mission: Fight violent crime
Primary responsibility	Under Secretary (Enforcement)
Primary role	Policy development and guidance
Purpose	The purpose of this project is fourfold: (1) to oversee the establishment of an ARF annual report of firearms regulatory-related statistics (Commerce in Firearms) usable by agency personnel, government personnel, Congress, and interested experts, modeled on the Council of Economic Advisors annual report, which includes an ongoing statistical series for the United States and topical introductory essays by the agency, in order to centralize USG publication of these statistics, inform the public of vital firearms-related statistics, and make ATF's regulatory enforcement activities transparent to oversight agencies and other interested parties; (2) to support, invigorate and focus ATF's regulatory enforcement activities by providing a publicly understood, rational basis for a firearms regulatory program, based on identifying Federally licensed firearms dealers that were likely sources of crime guns, to determine if they were violating federal firearms laws; (3) to ensure that ATF would take appropriate regulatory and/or criminal enforcement action based on these findings (Feb.4, 2000) and to require follow up reporting to the Secretary on that regulatory enforcement program (Fall 2000), consisting of: conducting intensive inspections of the small percentage of federal firearms licensees (FFLs) who (a) accounted for over half of all crime guns traced to current dealers in 1999, (b) were uncooperative with ATF trace requests in 1999, and to collect firearms transaction records from uncooperative dealers and used gun records from dealers who had 10 or more crime guns with time-to-crime of three years or less traced to them in 1999 (An ancillary benefit of the program is the improvement of ATF's ability to conduct comprehensive crime gun tracing of used firearms used in crime by obtaining firearms transaction records of the uncooperative and high-trace, short time-to-crime dealers); and (4) to inform Congress and the public about the problem of corrupt Federal Firearms Licensees.
How project initiated	Self-initiated and presidential initiative: the project was self-initiated by the OE, then announced by President Clinton as well as the Secretary of the Treasury.
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Under Secretary (Enforcement), Assistant Secretary (Enforcement), ATF, General Counsel, Economic Policy DAS</li> <li>Department of Justice</li> <li>None</li> </ul>
Why Enforcement was involved	OE conceived of the idea of an annual compilation of vital ATF firearms statistics, assisted in developing and drafting the first annual CIF report. OE worked with ATF to develop the related regulatory enforcement program and required follow up reporting to the Secretary, and participated in reviewing that report and its findings. OE continues to be involved in assisting ATF to establish an authoritative annual firearms statistical report, and in drawing out the regulatory enforcement and other policy implications of the data. OE brought in the Office of Economic Policy to assist in developing and interpreting ATF statistical data on U.S. firearms entering commerce and in coordinating with the Office of the Census.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>OE worked with ATF, academic contractors, and the DOJ Bureau of Justice Statistics to develop and analyze the data underlying the initial regulatory enforcement plan and in the CIF report itself, then received monthly status reports from ATF, summarizing the number of inspections conducted and various results to date, and reporting on the entry and use of firearms records for comprehensive tracing purposes.</li> <li>OE prepared materials relating to the development of the report, the regulatory enforcement program, and oversight of this project for the Under Secretary's meetings with ATF's director, and for the White House.</li> <li>OE briefed White House officials, the Secretary, Deputy Secretary, and Under</li> </ul>



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	<p>Secretary at various points on the progress of the project.</p> <ul style="list-style-type: none"> <li>• OE helped ATF design both the annual statistical report using the Council of Economic Advisors annual report as a model, and the regulatory enforcement program itself that drew from the data published in that report as well as other investigative information.</li> <li>• OE assisted ATF in developing the enforcement policy of focusing on high crime indicator FFLs and making this policy a matter of public commitment and knowledge, and supported the development of new regulations requiring FFLs to conduct annual inventory and report guns lost in shipment and collecting information on FFL transaction numbers.</li> <li>• OE assisted in the design and drafting of the initial CIF Report, is similarly involved in preparing the implementation report to the Secretary, and is engaged with ATF in planning the 2001 Firearms Commerce report.</li> <li>• OE's regulatory oversight responsibility prompted the request for the invigorated regulatory enforcement program, and after this was announced, OE received monthly reports on implementation of the focused inspection project and of receipt and use of FFL records for crime gun tracing purposes. OE also is involved in overseeing the final implementation report to the Secretary, and in developing and analyzing enforcement and other policy implications of the project. OE is involved in supporting and monitoring the development of the 2001 Firearms Commerce report, together with the Office of Economic Policy.</li> <li>• OE was significantly involved in reviewing drafts of the report, related memorandum, and regulations, has been involved in reviewing the monthly reports and in preparing the final report. OE will also help prepare and review guidelines for continuing a targeted inspection program and review next years Firearms Commerce report.</li> <li>• Based on the improved targeting and accountability of ATF's regulatory enforcement resources, Treasury sought and won support for an additional 200 ATF firearms inspectors in FY2001, and based on the success and importance of this project, OE will help ATF seek funding for addition inspection resources for FY2002.</li> <li>• OE sought and obtained the assistance of the authoritative Bureau of Justice Statistics in designing and establishing ATF's annual compilation of firearms statistics.</li> <li>• Deputy Secretary, Secretary and President offered remarks in connection with the initial CIF report.</li> </ul>
Project duration	<p>Start date: Fall 1999</p> <p>No fixed end date</p>
Enforcement staffing level on the project	3 staff members who spent less than 10 percent of their time on the project.
Project results	<p>As a result of OE's efforts, ATF published the first annual compilation of U.S. firearms statistics, provided a comprehensive explanation to the public of the role of Federal firearms licensees in the supply of crime guns and conducted intensive, focused inspections of approximately 1,012 licensed dealers; identified more than 400 suspected firearms traffickers and nearly 300 prohibited purchasers, and referred 691 cases to special agents for further investigation; conducted a demand letter initiative obtaining firearms records from uncooperative dealers and 10-trace, short time-to-crime dealers; resolved 75 percent (1,336) of the unsuccessful crime gun traces associated with the inspected licensees; identified 13,271 missing firearms; discovered 3,927 NICS criminal background check record keeping errors; initiated license revocation proceedings for 20 FFLs; issued proposed rules to require FFLs to conduct at least one physical inventory each year and to report to ATF any firearms missing from their inventory, and to require the shipper or sender to report losses of firearms that occur in shipment; revised its license renewal form to verify the number of transactions the FFL engaged in, in order to help determine whether the FFL is engaged in the firearms business and qualifies for renewing the license; and established policy guidelines for providing tracing data to importers and manufacturers.</p> <p>This and other information on the project's results and their policy implications will be provided in a final implementation report to the Secretary, which is in the process of being prepared. Preparation of the 2001 Firearms Commerce report is underway.</p>

## **27. National Criminal Instant Background Check System (NICS)**

Mission and goal supported	Law enforcement mission: Fight violent crime
Primary responsibility	DAS (Law Enforcement)
Primary role	Oversight
Purpose	To oversee ATF's implementation of the National Criminal Instant Background Check System (NICS). NICS is the system used to conduct background checks on prospective firearms purchasers. If the FBI cannot complete a NICS check within three days, a federal firearms licensee may release the firearm to the purchaser. If the FBI subsequently determines the purchaser is prohibited from purchasing a firearm (a "delayed denial"), ATF is asked to retrieve the gun. A prior GAO review found a large ATF backlog of delayed denials.
How project initiated	Self-initiated
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Under Secretary (Enforcement), Assistant Secretary (Enforcement), ATF, Office of General Counsel</li> <li>• FBI</li> <li>• None</li> </ul>
Why Enforcement was involved	The Under Secretary wanted an independent review of the ATF NICS operations.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Collected data from ATF on NICS denials and firearms retrievals that were pending and those completed.</li> <li>• Briefed Under Secretary on status of ATF's NICS operations.</li> <li>• Monitoring of all NICS operations, procedures followed by ATF, statistics on denials and retrievals, resolution of problems in implementation.</li> <li>• Encouraged ATF to find funding to create interface between NICS database and ATF's general enforcement database (NFORCE). OF&amp;A supported future funding to achieve upgrades to ATF information systems.</li> <li>• Discussions with FBI and ATF on NICS background check procedures and regular meetings/conference calls to discuss issues of interest to both ATF and FBI.</li> </ul>
Project duration	Start date: January 2000 No fixed end date
Enforcement staffing level on the project	2 staff members who spent 10 to less than 25 percent of their time on the project.
Project results	OE role identified problems hindering effective ATF implementation of NICS and recommended solutions. OE efforts helped ATF reduce its backlog of delayed denial retrievals and recognize the need to create an interface between its NICS database and NFORCE to meaningfully track retrievals. NICS tracking data is now available at ATF.

## 28. Gun Show Report

Mission and goal supported	Law enforcement mission: Fight violent crime
Primary responsibility	Under Secretary (Enforcement)
Primary role	Policy development and guidance
Purpose	Respond to a Presidential directive concerning the need for background checks for all guns sold at gun shows.
How project initiated	Presidential initiative
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Under Secretary (Enforcement), DAS (Enforcement Policy), Finance and Administration, ATF, Office of General Counsel, Legislative Affairs</li> <li>Department of Justice, White House Domestic Policy Council</li> <li>State and/or local governments, private sector</li> </ul>
Why Enforcement was involved	This was a White House policy initiative, carried out by OE, to develop information, policy analysis, and new firearms legislation, drawing on ATF information, legal and enforcement knowledge, experience of the gun world, and firearms expertise.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>OE collected extensive gun show, gun crime, and enforcement related data with the assistance of ATF in preparing both the Presidential directive itself and the follow-up report (Gun Shows: Brady Checks and Crime Gun Traces).</li> <li>Extensive briefing and background materials were prepared for Treasury and White House officials in connection with the directive, issuance of the report, and announcement of the legislation resulting from the report.</li> <li>Extensive briefings of Treasury and White House officials in connection with the directive, report, and legislation.</li> <li>Drafted legislation to require background checks at gun shows and documentation permitting crime gun tracing.</li> <li>Gun Shows: Brady Checks and Crime Gun Traces, January 1999. Co-authored with DOJ. ATF/Treasury had the main pen, DOJ editorial role.</li> <li>Monitored report and legislation preparation.</li> <li>Reviewed drafts of report materials and report itself, as well as related legislation, testimony, press information.</li> <li>Worked with ATF and OE budget office to develop budget estimates for additional enforcement efforts.</li> <li>Gun show report co-authored with DOJ, ongoing discussions.</li> <li>Wrote routine correspondence and a number of speeches including references to this report.</li> <li>Mentioned in various speeches and testimony by officials.</li> </ul>
Project duration	Start date: November 1998 End date: February 1999
Enforcement staffing level on the project	3 staff members who spent 10 to less than 25 percent of their time on the project.
Project results	<ul style="list-style-type: none"> <li>Development of authoritative empirical information about gun shows, for the benefit of Congress, the media, and the public;</li> <li>New federal legislation on gun shows drafted and partially enacted (pending in House-Senate Conference);</li> <li>State legislative initiatives on gun shows in various stages;</li> <li>Heightened public understanding of the role of gun shows in supplying guns to criminals and juveniles (as at Columbine) as reflected in the media and local initiatives;</li> <li>Built public and Congressional support for revived gun show enforcement by ATF (resulting in removal of internal ATF restrictions);</li> <li>Further developed public understanding of the role of the illegal market generally in supplying guns to criminals and juveniles and the need for corrective enforcement, legislative and regulatory actions.</li> </ul>

## **29. Modified Assault Rifles Import Ban**

Mission and goal supported	Law enforcement mission: Fight violent crime
Primary responsibility	Under Secretary (Enforcement)
Primary role	Policy development and guidance
Purpose	To determine the appropriateness of barring so-called sporterized semi-automatic assault rifles from importation and to take appropriate action.
How project initiated	Self-initiated and presidential initiative: OE discussed the possibility of an import ban on sporterized rifles with the Domestic Policy Council, to follow up on the 1994 legislation (the assault weapons ban). This resulted in a Presidential directive.
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Under Secretary (Enforcement), DAS (Enforcement Policy), ATF, Office of Management, Office of General Counsel, Office of Legislative Affairs</li> <li>• Department of Justice, OMB</li> <li>• State and/or local governments, private sector</li> </ul>
Why Enforcement was involved	This was a Presidential policy initiative to reexamine ATF importation practice of applying regulation to particular firearms.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Extensive data on sporterized assault weapons collected through survey made a part of the final report. OE and ATF worked closely together, with academic experts, to prepare the report.</li> <li>• Prepared briefing on directive, and progress and results of report.</li> <li>• Treasury and White House officials briefed extensively.</li> <li>• Report and its adoption by Secretarial memorandum constituted a new policy application that resulted in regulatory action by ATF.</li> <li>• Extensive report prepared in conjunction with ATF and General Counsel, Department of Treasury Study on Sporting Suitability of Modified Semiautomatic Assault Rifles, April 1998.</li> <li>• Oversaw implementation of Administration initiative.</li> <li>• Reviewed draft report materials, legislation needed to deal with after-effects among importers.</li> <li>• The report resulted in the need for legislation to compensate certain firearms importers. Worked with Congress, OMB, and DOJ to provide compensation.</li> <li>• Worked closely with ATF to prepare report.</li> <li>• Provided input for speeches by Secretary and White House officials.</li> </ul>
Project duration	Start date: August 1993 End date: December 1998
Enforcement staffing level on the project	2 staff members who spent 10 to less than 25 percent of their time on the project.
Project results	The final report produced by the project resulted in regulatory action by ATF to ban the importation of 29 types of assault weapons.

### 30. YCGII and Anti-trafficking

Mission and goal supported	Law enforcement mission: Fight violent crime
Primary responsibility	Under Secretary (Enforcement)
Primary role	Support
Purpose	<ol style="list-style-type: none"> <li>(1) Focus ATF agent and inspector enforcement resources on reducing juvenile and youth violence at a time when juvenile homicides were spiking and public concern was and remains high;</li> <li>(2) Expand use of crime gun tracing and trace analysis (including mapping) to solve gun crimes and reduce the illegal market in guns, especially those supplied to criminals and juveniles;</li> <li>(3) Support ATF's development of and build public support for an integrated firearms enforcement policy and strategy that optimized ATF's expertise and authority and did not rely exclusively on incarcerating individual violent offenders, but also looked at illegal sources of guns fueling community violence and "hot spots";</li> <li>(4) Make ATF expertise and information more available to State and local law enforcement to strengthen enforcement of Federal, State and local gun laws;</li> <li>(5) Expand law enforcement, media, and public understanding of the illegal market in guns —by teaching them to ask the question "where did the crime gun come from?"—as a foundation for new regulation and laws that further reduce illegal market access to guns;</li> <li>(6) Build public trust of ATF and expand public and Congressional support for ATF's firearms enforcement mission and an integrated firearms enforcement strategy;</li> <li>(7) Integrate DOJ, including US Attorney, and OMB views of firearms enforcement with those of Treasury and ATF.</li> </ol>
How project initiated	OE self-initiated the project in September 1995, and it was adopted as a Presidential initiative in Summer 1996. OMB also took significant budget action for FY 96 that required that ATF enforcement policy be re-focused away from a sole focus on incarcerating individual violent offenders.
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Enforcement Policy), DAS (Law Enforcement), Finance and Administration, ATF, EOAF, Office of Management, Office of General Counsel, Office of Legislative Affairs, Office of Inspector General</li> <li>• Department of Justice, OMB, National Partnership for Reinventing Government</li> <li>• State and/or local governments, law enforcement organizations, and academic experts</li> </ul>
Why Enforcement was involved	OE responded to President Clinton's priority of reducing gun violence (as evidenced by the Brady law and the Assault Weapons Ban) and the White House interest in reducing youth violence generally, as evidenced by Mrs. Clinton's focus on children. Since Treasury oversees ATF, we looked for a way to fulfill the President's agenda within the appropriate scope of our authority. Thus, this was an Administration initiative building on and drawing from ATF resources, expertise, and ideas. YCGII is an example of a product of OE-ATF teamwork.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Numerous planning meetings involving data collection in initial stages of project to develop, explain and justify the initiative. Key data involved budget, FTE, gun crime, and gun tracing information.</li> <li>• Many volumes of briefing materials over the five-year period, for principals, hearings, announcements, and media interviews. Three White House events.</li> <li>• Regularly briefed Treasury, OMB, DOJ, White House, Congressional staff and principals in conjunction with plans, budgets, reports and appropriations requests.</li> <li>• OE and ATF worked together to draft this program, which began as an initiative funded by the Treasury Asset Forfeiture Fund, and as the program developed, new actions and strategies to further the project's objectives enumerated above.</li> </ul>

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**Appendix I: Selected Projects and Ongoing Efforts Relating to Enforcement's Oversight, Policy Guidance, and Support Roles**

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	<ul style="list-style-type: none"> <li>• Drafted or prepared three YCGII Crime Gun Trace Reports: 1997, 1999, 2000 (hereafter anticipated to be annual); YCGII Performance Report 1999 (by request of Congressional appropriators); and, Following the Gun: Enforcing Federal Laws Against Firearms Traffickers, June 2000 (indirectly related to YCGII).</li> <li>• Some monitoring of program implementation by DAS (Law Enforcement) and AS (Enforcement) following computer crisis in connection with the 1999 Crime Gun Trace Reports; similar type of oversight effort following 2000 IG report.</li> <li>• Most written products associated with this program, internal or external, have been drafted, reviewed, or commented on by OE. These included briefing papers, testimony, reports, and media background papers.</li> <li>• Developed Administration/ATF firearms enforcement initiatives from 1996 through FY 2001. Assisted in developing ATF annual budget proposals. Responsible for major budget initiative, beyond that initially sought by the agency, but developed with the assistance of bureau, OE, and Treasury budget officers.</li> <li>• Ongoing discussions and coordination with Justice, including cooperative work with the Bureau of Justice Assistance, Bureau of Justice Statistics, and National Institute of Justice. Plenty of disputes arose because this was, from the perspective of DOJ, a bottom up initiative, that is, an investigator initiative rather than a prosecutor initiative and also involved State and locals, usually considered DOJ "turf."</li> <li>• Ongoing negotiations and compromise with DOJ (main DOJ and program/funding agencies), OMB, and the Hill, all normal program development and funding type of activities and disputes.</li> <li>• Drafted language on YCGII and illegal market enforcement strategy for speeches presented by Treasury and White House officials as well as routine public correspondence.</li> <li>• YCGII and illegal market enforcement strategy included in speeches by Treasury and White House officials. OE also provided annual testimony that addressed YCGII initiative.</li> </ul>
Project duration	Start date: September 1995 No fixed end date
Enforcement staffing level on the project	1 staff member who spent 10 to less than 25 percent of his/her time on the project. For some weeks, full-time.

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Project results

Most significant results:

- Establishment of systematic field focus by ATF agents and inspectors on illegal sources of guns, especially to young people, and use of field data to expand information and feed it back into investigations and strategy, resulting in strategically focused cases, and acceptance of broadened enforcement strategy complementary to incarceration of individual violent offenders;
  - Major increase in crime gun tracing nationwide; improved investigative methods at ATF such as deployment of online LEAD promoted through YCGII; and establishment of new analytic unit at ATF, the Crime Gun Analysis Branch, to analyze crime gun data for investigations, service ATF offices and State and local law enforcement agencies, and provide public reporting;
  - Annual YCGII Crime Gun Trace Reports now a major law enforcement tool and tool for informing the public, on a city by city and national basis, of crime gun trends. Unlike many crime reports, these provide not just numbers as reported by localities, but analysis, that is, they take raw information from States and localities, and return it with Federal value added, based on information that only the Federal government has (in this case, results of trace requests);
  - Additional reports, e.g., Following the Gun, using research techniques developed in YCGII, illuminate the illegal market in guns for policy and political level, making public dialogue about new gun laws and enforcement more informed;
  - Achievement of the acceptance by law enforcement, the Congress, public, and the media of the need to know where the crime gun comes from, especially where juveniles get their guns, and the need for strong enforcement action and preventive measures (like closing the gun show loophole) against illegal suppliers of guns to criminals and juveniles and not just against criminals and youth after they have used the guns;
  - Significant prosecutor, public, media, OMB, and Congressional acceptance of attacking the illegal market, reducing illegal diversion and possession of firearms, and interdicting gun trafficking, with media now educated to ask, "Where did the crime gun come from?", much better public understanding of how criminals and juveniles get guns;
  - Improved coordination with DOJ on firearms issues, including new DOJ investment in illegal market research (by NIJ) and improved joint understanding of the need to balance prosecution of armed offenders with prosecution of their illegal suppliers and focus on preventing illegal diversion.
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### 31. Firearms Legislation

Mission and goal supported	Law enforcement mission: Fight violent crime
Primary responsibility	Under Secretary (Enforcement)
Primary role	Policy development and guidance
Purpose	Presidential initiative to develop new firearms legislation to improve firearms enforcement and prevent firearms crimes.
How project initiated	Self-initiated and presidential initiative: OE had developed firearms legislation proposals with ATF over a two year period and violence reduction legislation with all bureaus as a matter of normal legislative development. White House requested list of initiatives in connection with the development of a second "Crime bill." In April 1999, President Clinton submitted firearms legislation to Congress.
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Under Secretary (Enforcement), DAS (Enforcement Policy), Finance and Administration, ATF, Office of General Counsel, Office of Legislative Affairs</li> <li>Department of Justice, OMB, White House Domestic Policy Council</li> <li>Law enforcement organizations</li> </ul>
Why Enforcement was involved	OE coordinated Administration initiative to develop new firearms legislation. Also coordinated Administration FY 2001 Firearms Enforcement (Budget) Initiative. OE drew on ATF expertise and expressed enforcement needs.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>Data collected from ATF to develop and support legislative proposals and "section-by-section" analysis and factual support for the proposals.</li> <li>Briefing materials prepared on the legislation.</li> <li>Briefed Treasury, DOJ, and White House officials on proposals and progress of project.</li> <li>Legislative strategies developed for gun proposals and the funding initiative for ATF.</li> <li>Helped draft White House report on early version of legislation.</li> <li>Continual review of legislative proposals and many descriptions of them used on the Hill.</li> <li>Developed and reviewed budget proposal seeking funding for ATF.</li> <li>Coordinated with DOJ and White House to resolve a number of contested provisions in legislation.</li> <li>Drafted input for numerous speeches for Treasury and White House officials.</li> <li>OE provided testimony on firearms enforcement initiative funding request.</li> </ul>
Project duration	Start date: 1997 No fixed end date
Enforcement staffing level on the project	2 staff members who spent 10 to less than 25 percent of their time on the project.
Project results	<ul style="list-style-type: none"> <li>Major firearms legislation submitted to Congress.</li> <li>Significant portions of the legislation passed both chambers.</li> <li>Significant increase in public and media awareness of key proposals.</li> <li>Unprecedented funding increase of \$93 million for gun enforcement achieved for ATF in FY2001.</li> </ul>



### 32. 2000 Campaign

Mission and goal supported	Law enforcement mission: Protect our nation's leaders and visiting world leaders
Primary responsibility	DAS (Law Enforcement)
Primary role	Support
Purpose	On behalf of the Secretary, OE coordinates requests for Secret Service protection from prospective major presidential and vice presidential candidates.
How project initiated	Statutory requirement
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Law Enforcement), Finance and Administration, ATF, Customs Service, IRS/CID, Secret Service, Office of Management, Office of General Counsel, Office of Legislative Affairs</li> <li>OMB, Congressional Advisory Committee</li> <li>State and/or local governments, private sector</li> </ul>
Why Enforcement was involved	By statute (18 USC 3056 (a) (7)), the Secretary of the Treasury has the authority to decide which candidates receive USSS protection and when the protection begins. OE briefs the Advisory Committee which the Secretary is required by statute to consult prior to authorizing protection. OE also coordinates all requests for protection and makes recommendations to the Secretary. The USSS could not play a role in this process because of the potential of a conflict of interest.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>OE plays a critical role in the campaign budget process. The USSS normally needs extra funding to support a presidential campaign. These funds are not needed annually. Some funds for equipment and services are needed two years prior to the campaign due to procurement lead time requirements. The majority of the funding is needed during the campaign year to support the costs directly associated to the campaign. OE also collects manpower data from the other bureaus who support the USSS during the campaign.</li> <li>Numerous briefing and background materials are required to brief high-ranking Treasury officials, OMB and congressional appropriators.</li> <li>Brief officials—A number high level Treasury, OMB and Congressional appropriators request briefings on this issue. The Advisory Committee which the Secretary is required to consult, must receive an in-depth briefing on the entire process. The Advisory Committee is made up of the Speaker of the House, Minority Leader of the House, the Majority and Minority leaders in the Senate plus one additional member selected by the committee.</li> <li>The Advisory Committee guidelines must be reviewed and adopted by the Advisory Committee prior to the campaign. OE is responsible for reviewing and updating the guidelines. These guidelines serve as a baseline for approving requests for USSS protection by major presidential and vice presidential candidates.</li> <li>Develop or draft policies, directives, standards, regulations—The Advisory Committee guidelines are critical to evaluation process and making decisions concerning to requests for USSS protection.</li> <li>The reporting requirements relating to the campaign are as follows: <ul style="list-style-type: none"> <li>A letter from the Secretary to each member of the Advisory Committee inviting them to participate in this process must be prepared.</li> <li>When a request for USSS protection from a candidate is received at DO, the following memoranda/correspondence are prepared: <ul style="list-style-type: none"> <li>A memorandum from the Enforcement Policy Officer to the Under Secretary is prepared.</li> <li>A memorandum from the Under Secretary to the Secretary is prepared.</li> <li>A letter from the Secretary to the candidate is prepared.</li> <li>If the request is authorized, a memorandum from the Secretary to the Director-USSS is prepared.</li> </ul> </li> </ul> </li> <li>The Under Secretary (Enforcement) who has oversight of the USSS, oversees the</li> </ul>

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	<p>protective mission of the Secret Service.</p> <ul style="list-style-type: none"> <li>• Review documents, such as assessments of eligibility of candidates for protection and threat assessments of candidates. In addition to what has previously been mentioned, numerous budget-related materials are reviewed in conjunction with funding required to support the campaign.</li> <li>• Review funding proposals by Secret Service and other bureaus who are required to support protection of candidates.</li> <li>• OE coordinates manpower requests with the other Treasury bureaus who are directed to support the USSS during campaign years.</li> <li>• As previously mentioned, letters are written to candidates who have requested protection. In addition, letters are written to members of the Advisory Committee.</li> <li>• Due to the budgetary concerns pertaining to a presidential campaign and the history of assassinations in this country, this is a high profile project that requires testimony to OMB and Congressional appropriators.</li> </ul>
Project duration	<p>Start date: October 1999</p> <p>Anticipated end date: March 2001</p>
Enforcement staffing level on the project	5 staff members who spent 25 to less than 50 percent of their time on the project.
Project results	Project results in determinations of eligibility, etc., for protection of candidates. Eligible candidates receive comprehensive protective details provided throughout the campaign.

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### 33. Secret Service—Agent Review

Mission and goal supported	Law enforcement mission: Protect our nation's leaders and visiting world leaders
Primary responsibility	Assistant Secretary (Enforcement)
Primary role	Support
Purpose	To analyze the issues and demands that were driving staffing problems in the Secret Service, the Office of Enforcement established a Secret Service Working Group on Workforce Retention and Workload Balancing, which was overseen by an Executive Committee of Assistant Secretary (Enforcement), Assistant Secretary (Management) and the Secret Service Director. The Office of Management and Budget also participated in the working group. Secret Service was having increasing difficulty retaining agents, due in part to significant increases in the amount of travel and overtime. The purpose of the Working Group was to examine staffing and other quality of life issues facing the Secret Service agent population and develop recommendations to address these issues.
How project initiated	Self-initiated: the project was initiated by OE after Secret Service raised issues regarding staffing levels and agent retention. OMB was supportive of a review as part of any staffing increase request by Secret Service.
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• DAS (Law Enforcement), Finance and Administration, Secret Service, Office of Management, Treasury Counsel</li> <li>• OMB</li> <li>• None</li> </ul>
Why Enforcement was involved	OE undertook this project in conjunction with the Secret Service, Treasury's Office of Management, and OMB. OE sought to support the Secret Service as it worked to address staffing and quality of life issues in its agent population. OE support was critical to Secret Service being successful in getting an increased number of agent FTE.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• OE staff collected data from Secret Service regarding staffing and quality of life issues. Data included—overtime, travel time, attrition, staffing, and other relevant information.</li> <li>• OE staff prepared memoranda for Treasury officials reporting the working group's findings and recommendations.</li> <li>• OE staff provided briefings to Treasury and OMB officials on the working group's findings.</li> <li>• OE staff developed recommendations for improving the quality of life of agents in the Secret Service.</li> <li>• OE staff drafted an action plan and a report on the working group's findings and recommendations</li> <li>• OE staff, in conjunction with other members of the Executive Committee, monitored the work of the working group.</li> <li>• OE staff reviewed the working groups Action Plan and draft working group report (done by other OE staff).</li> <li>• Working with other working group members, OE staff helped prepare a proposal to increase Secret Service staffing, including the related budget request.</li> <li>• OE coordinated the proposed staffing increase and related budget request with OMB.</li> </ul>
Project duration	Start date: October 1999 End date: December 1999
Enforcement staffing level on the project	6 staff members who spent 50 to less than 75 percent of their time on the project.
Project results	As the result of the project, Secret Service is expected to receive a significant increase in agent FTE (approximately 228 new agents can be hired in FY 2000 and approximately 454 new agents can be hired in FY 2001). Additionally, a number of administrative and management changes were made to improve agent quality of life.

### 34. Secret Service—Uniformed Division Review

Mission and goal supported	Law enforcement mission: Protect our nation's leaders and visiting world leaders
Primary responsibility	Assistant Secretary (Enforcement)
Primary role	Support
Purpose	The Secret Service's mission has grown progressively more difficult and complex with increasing demands on both its agent and uniformed workforce. In 1999 an interagency working group reviewed staffing issues among the agent workforce and developed recommendations designed to assist the Secret Service in improving retention and enhancing worklife. As the result of the agent review, Secret Service is expected to receive a significant increase in agent FTE (approximately 228 new agents can be hired in FY 2000 and approximately 454 new agents can be hired in FY 2001). Additionally, a number of administrative and management changes were made to improve agent quality of life. Given the success of the agent working group, an interagency working group was convened to conduct a similar review of Secret Service's Uniformed Division (UD). Attrition has become a significant issue for the UD for a number of reasons, including a significant increase in the amount overtime leading to cancelled days off and annual leave.
How project initiated	Self-initiated: the project was initiated by OE after consulting with Secret Service.
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• DAS (Law Enforcement), Finance and Administration, Secret Service, Office of Management, Treasury Counsel</li> <li>• OMB</li> <li>• None</li> </ul>
Why Enforcement was involved	OE undertook this project in conjunction with the Secret Service, Treasury's Office of Management, and OMB. OE was able to provide a broader, third-party perspective, and sought to support the Secret Service as it worked to address staffing and quality of life issues in its Uniformed Division. OE's involvement in a similar agent review was critical to getting the Secret Service additional resources. OE and Secret Service have sought to duplicate the success of the agent review.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• OE staff collected data from Secret Service regarding pay, staffing levels, attrition, overtime, travel, and other information.</li> <li>• OE staff have briefed other Treasury officials on the status of the review.</li> <li>• OE staff developed recommendations to improve quality of life for Secret Service Uniformed Division Officers.</li> <li>• OE staff took the lead in drafting the working group's Action Plan and is the lead drafter of the report of the working group's findings and recommendations.</li> <li>• OE staff monitored the progress of the working group (which also included other OE staff).</li> <li>• OE staff reviewed the working group's Action Plan and is currently reviewing the draft working group report (both of which was prepared by other OE staff with help from other working group members).</li> <li>• OE staff, in conjunction with staff from Treasury Management and Secret Service, is developing a proposal to increase the number of uniformed officers and the related budget request.</li> <li>• OE is coordinating the working group's efforts with OMB.</li> </ul>
Project duration	Start date: June 2000 Anticipated end date: October 2000
Enforcement staffing level on the project	6 staff members who spent 25 to less than 50 percent of their time on the project.

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Project results	We anticipate that the working group will make a number of recommendations to improve the quality of life and career development of Uniformed Division Officers, including a significant increase in Officer staffing. As the result of a similar review done for agents, Secret Service is expected to receive a significant increase in agent FTE (approximately 228 new agents can be hired in FY 2000 and approximately 454 new agents can be hired in FY 2001). Additionally, the agent review led to a number of administrative and management changes to improve agent quality of life.
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### 35. International Monetary Fund (IMF) and the World Bank Spring Ministerial Meeting

Mission and goal supported	Law enforcement mission: Protect our nation's leaders and visiting world leaders
Primary responsibility	Assistant Secretary (Enforcement)
Primary role	Oversight
Purpose	The IMF/World Bank annual meeting was held in Washington, DC, from April 15 to 17, 2000, and hosted by the Department of the Treasury. OE's responsibility was to maintain oversight of the security arrangements for the event.
How project initiated	Self-initiated and other <sup>a</sup> : the initial request for Secret Service protection of the event was received in a letter dated January 18, 2000 from the IMF/World Bank. OE supported the request. The Treasury Secretary directed OE to provide close oversight of operations. The adverse intelligence received by law enforcement and the recent civil unrest experienced in Seattle, Washington, during the World Trade Organization meetings brought increased attention to this matter. The Secret Service had provided security for the Fall IMF/World Bank meetings in previous years, however, this was the first year where substantial protest activity was anticipated. As this event was hosted by the Department of the Treasury and the Secretary (a Secret Service protectee), OE was heavily involved in the decision to provide Secret Service security for the event.
Parties involved	
• Treasury	• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Enforcement Policy), DAS (Law Enforcement), DAS (RT&T), Finance and Administration, Secret Service, Office of Management, Office of International Affairs, Office of General Counsel, Office of Public Affairs, Office of the Secretary and Deputy Secretary
• Other federal departments or agencies	• Department of Defense, Department of Justice, Department of State, FBI
• Other	• State and/or local governments
Why Enforcement was involved	OE provided direction and leadership to the Secret Service. Additionally, the OE played a major role in a liaison capacity between law enforcement and the IMF/World Bank and Treasury Management. In particular, OE arranged for a meeting between the Secretary and the Mayor DC and the Chief of the Metropolitan Police Department in order to discuss the security concerns in greater detail. OE also worked with high level officials at the IMF/World Bank, as well as with the Attorney General to ensure our efforts were coordinated.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Collected data on event activities. Informational data for resources and funding purposes. Data collected to respond to Congressional and Executive inquiries.</li> <li>• Prepared informational materials and status briefings for the Secretary, the Deputy Secretary, and their staffs.</li> <li>• Briefings for Secretary and Treasury officials, and for other organizations in and out of the Federal Government, directly affected by the event. Also briefed the Attorney General and officials at the Justice Department.</li> <li>• Strengthened standards for aggressive oversight of cooperation between Federal and local law enforcement.</li> <li>• Drafted or prepared informational and briefing reports of actions as events occurred throughout the period of the IMF/World Bank meetings.</li> <li>• Extensive meetings and "table top" security exercises with the bureaus and outside entities relating to the event.</li> <li>• Reviewed reports from the Secret Service, FBI and local law enforcement.</li> <li>• OE oversaw the coordination among all law enforcement entities involved in the preparations for this event.</li> <li>• Wrote correspondence to IMF/World Bank regarding the requested security for the event.</li> </ul>
Project duration	Start date: January 2000 End date: April 2000

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Enforcement staffing level on the project	5 staff members who spent 25 to less than 50 percent of their time on the project.
Project results	Security for the IMF/World Bank Spring meetings was a complete success. Relationships between the Secret Service and state, local, and Federal law enforcement have been strengthened because of the cooperation exhibited in preparation for the event. In addition, the IMF/World Bank meetings took place as scheduled and were not disrupted due to the coordinated relationship of law enforcement.

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<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.

### 36. Training Group

Mission and goal supported	Law enforcement mission: Provide high-quality training for law enforcement personnel
Primary responsibility	DAS (Law Enforcement)
Primary role	Oversight
Purpose	To advise the Office of the Under Secretary (Enforcement) on the overall training programs and training initiatives in the Treasury's law enforcement bureaus. A group of training experts from the Treasury bureaus was developed. The group, which meets approximately once per month, provides the Under Secretary for Enforcement an assessment, both short term and long range, on training implications for personnel within the Treasury law enforcement bureaus; and ensures quality training is provided for all personnel, law enforcement, professional, administrative, technical and support. One of the projects on which the group has focused was the establishment of a firearms requalification range in the Washington, DC area.
How project initiated	Self-initiated
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Under Secretary (Enforcement), DAS (Enforcement Policy), ATF, Customs Service, FinCEN, FLETC, IRS/CID, Secret Service</li> <li>• Members of the Range/Training Working Group: U.S. Park Police, U.S. Capitol Police, and Metropolitan Police, District of Columbia</li> <li>• State and/or local governments</li> </ul>
Why Enforcement was involved	The Under Secretary wanted to ensure quality training was being provided for all personnel: law enforcement, professional, administrative, technical and support. The US wanted to monitor the International Law Enforcement Officer training provided by the Treasury Bureaus, through ILEA, to ensure proper utilization of resources. Overall, the objective was to ensure the quality, cost effectiveness and timeliness of training, and to ensure the policy of Best Practice as it relates to training programs is available and followed by all Treasury law enforcement bureaus.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Conducted an assessment of the firearms requirements of Treasury law enforcement officers.</li> <li>• Briefing materials were provided to the Under Secretary.</li> <li>• Briefings were provided for the Under Secretary and senior officials of the Treasury bureaus, other Federal law enforcement bureaus, local law enforcement, and members of Congress.</li> <li>• Prepared an assessment report providing recommendations to the Under Secretary.</li> <li>• A firearms assessment report was prepared.</li> <li>• The training provided by the law enforcement bureaus, both through FLETC and through their own bureau training programs, is overseen and monitored.</li> <li>• Reviewed FLETC submission to the Appropriations Committees on the need for a consolidated firearms requalification training range in the greater Washington, DC area.</li> <li>• Work closely with Treasury and other law enforcement bureaus on the development of projects, such as the firearms range in the Washington, DC area.</li> </ul>
Project duration	Start date: February 1998 No fixed end date
Enforcement staffing level on the project	1 staff member who spent 10 to less than 25 percent of his/her time on the project.
Project results	The training group has exchanged ideas and information on training issues relevant to all of the Treasury law enforcement bureaus to determine the feasibility of establishing a consolidated training facilities for Treasury bureaus in the Washington area. On one project, the firearms requalification range, the group conducted a review and feasibility study. As a result of that study, a site was located in the metropolitan area that is now being considered for development.



### 37. Map of the World (MTW)

Mission and goal supported	Law enforcement mission: Provide high-quality training for law enforcement personnel
Primary responsibility	DAS (Law Enforcement)
Primary role	Oversight
Purpose	The Department of the Treasury's Map of the World (MTW) is a collection of the international criminal justice activities and enforcement priorities of all Treasury enforcement agencies in all regions of the world. The ultimate objective for MTW is to develop a plan to address international crime through the administration of international justice assistance programs. After Treasury's plan is complete, it will be consolidated with the priorities of Justice, State, and AID to form a combined strategy for providing international law enforcement assistance.
How project initiated	Other <sup>a</sup> : the Department of Justice, through the Attorney General, provided the Department of the Treasury with a copy of its MTW. That report concludes, that the MTW is a work in progress and that it will require periodic updates to ensure that it reflects evolving international issues, and accurately expresses current priorities of Justice. The Deputy Secretary of the Treasury asked the Office of Enforcement to develop a complementary Treasury MTW plan and to work with Justice and State to coordinate programs.
Parties involved	
• Treasury	• Assistant Secretary (Enforcement), DAS (Enforcement Policy), DAS (Law Enforcement), DAS (RT&T), Finance and Administration, ATF, Customs Service, EOAF, FinCEN, FLETC, IRS/CID, OFAC, Secret Service, Office of Management, Office of International Affairs
• Other federal departments or agencies	• Department of Justice, Department of State, DEA, FBI, Agency for International Development (AID)
• Other	• None
Why Enforcement was involved	Office of Enforcement was able to bring all interested parties to the table in order to share information regarding training needs and priorities to form a Treasury MTW. Such a universal approach that could only be provided by OE.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Each bureau provided information, by region, which was reviewed and analyzed. Meetings were held weekly to discuss the information and the goals of the Treasury law enforcement bureaus.</li> <li>• Briefing materials were prepared to advise the Under Secretary, the Deputy Secretary, and other senior Treasury officials of the progress on MTW.</li> <li>• OE provided status reports to the Deputy Secretary.</li> <li>• OE, after collecting data from the Treasury bureaus, reviewed, prioritized and drafted the strategies provided in the MTW.</li> <li>• The Department of the Treasury will provide to the Departments of State and Justice, its version of the MTW upon completion.</li> <li>• Coordinated with Treasury bureaus and Justice on the development of Treasury's MTW.</li> <li>• When a program, strategy, or issues came into questions, OE would attempt to resolve the issue with the interested parties. Normally, those parties were the Treasury law enforcement bureaus.</li> </ul>
Project duration	Start date: October 1999 No fixed end date
Enforcement staffing level on the project	5 staff members who spent 25 to less than 50 percent of their time on the project.

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Project results

Treasury's Office of Enforcement coordinated and compiled Treasury's MTW. Two principal areas are addressed by the MTW:

1. MTW recommends specific training, institution building, and technical assistance activities which, Treasury components believe, should be emphasized as part of the budget cycle.
2. MTW represents a comprehensive statement of Treasury's international perspectives believed to serve as a cornerstone on which Treasury is to build an institutional mechanism for policy level discussions and collaborative efforts.

The MTW is a work in progress that will require periodic updates to ensure that it reflects evolving international issues, and accurately expresses current priorities. Further, MTW will also be used to provide information that will enable the Department of Treasury and participating agencies to collaborate in planning the international training and assistance programs.

The MTW is organized by geographic region. Each regional section:

- provides an overview that briefly assesses the prominent criminal activities and justice systems that affect U. S. interests;
- identifies key countries believed to be representative of the most serious crime challenges throughout the region and which warrant immediate action;
- outlines multilateral organizations and initiatives;
- describes Treasury components' overseas presence and their current activities; and
- identifies the principal challenges and goals of strategic planning.

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<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.

### 38. International Law Enforcement Academies

Mission and goal supported	Law enforcement mission: Provide high-quality training for law enforcement personnel
Primary responsibility	DAS (Law Enforcement)
Primary role	Oversight
Purpose	<p>The International Law Enforcement Academies (ILEA) are a cooperative effort among the Departments of State, Justice and Treasury. Treasury Enforcement is directly involved in the development and activities of two ILEAs and participates in two other ILEAs. To accomplish overall coordination of the ILEAs, a Policy Board was established that is comprised of members from each Department and appointed by the Secretary of State, the Attorney General and the Secretary of the Treasury.</p> <p>The mission of these academies has been to support emerging democracies, help protect U.S. interests through international cooperation and to promote social, political and economic stability by combating crime. ILEAs also encourage strong partnerships among regional countries, to address common problems associated with criminal activities.</p>
How project initiated	Presidential initiative
Parties involved	
<ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Law Enforcement), ATF, Customs Service, FinCEN, FLETC, IRS/CID, Secret Service</li> <li>Department of Justice, Department of State, DEA, FBI</li> <li>Foreign governments</li> </ul>
Why Enforcement was involved	The International Law Enforcement Academies (ILEA) are a cooperative effort between the Departments of State, Justice and Treasury. By ILEA Charter, the Under Secretary for Enforcement is a member of a Policy Board, comprised of members from each Department appointed by the Secretary of State, the Attorney General and the Secretary of the Treasury that guides all ILEAs. As such, the Under Secretary brings the overall Treasury view to the Board not just individual Treasury law enforcement bureaus views.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>Collect data on training that should be conducted in each ILEA region.</li> <li>Provide to the bureaus suggested agenda for upcoming Policy Board meetings and then prepares the Treasury position taking into consideration all the bureaus concerns. Provides to the Treasury law enforcement bureaus guidance from the Policy Board.</li> <li>Developed concept of Policy Board and leadership at ILEAs. Identifies sites and propose final selected locations for ILEAs. Develops proposals for training courses.</li> <li>After consultation with the Departments of State and Justice, provides policies and directives on the operations and activities of the ILEAs to all Treasury law enforcement bureaus.</li> <li>Oversees and monitors the operation of all ILEAs as a member of the Policy Board. Directly oversees FLETC operations at ILEAs. Supervises Treasury employees detailed to the ILEAs.</li> <li>Reviews budget, policy, operations and ILEA program results.</li> <li>Obtains funding and FTE for Treasury to participate as Director or Deputy Director of ILEAs. Develops MOUs with State Department to obtain funding for ILEA operations.</li> <li>Participates in steering group that discusses working-level issues related to the ILEAs. Coordinates positions with Treasury bureaus and consults with Justice and State regarding all ILEA issues.</li> <li>As a member of the Policy Board, identifies area of concern for Federal law enforcement, determines the need for a new ILEA, and if approved, provides a team to negotiate with the host government on the establishment of an ILEA in the region. Enforcement participates on all negotiation teams.</li> <li>Responds to inquiries from members of congress, international community and law enforcement.</li> </ul>
Project duration	<p>Start date: February 1998</p> <p>No fixed end date</p>

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Enforcement staffing level on the project	4 staff members who spent 25 to less than 50 percent of their time on the project.
Project results	<p>The United States has undertaken several initiatives to address the challenges of international crime. One of the most important is the establishment of regional law enforcement academies to train foreign law enforcement and criminal justice personnel. The mission of these academies is to support emerging democracies, help protect U. S. interests through international cooperation and promote social, political and economic stability by combating crime. ILEAs also encourage strong partnerships among regional countries to address common problems associated with criminal activities.</p> <p>The success of the ILEA Budapest led President Clinton, at the San Jose, Costa Rica Summit in May of 1997, to announce that an ILEA for Latin America would be established in that region. To deliver on the commitment made by the President, and as a matter of policy and process, courses were conducted in both Panama and Costa Rica during 1998 and 1999. The Policy Board is currently working on establishing a Western Hemisphere ILEA in Costa Rica. Further, the ILEA Policy Board, after an initial assessment of four countries, has decided to establish an ILEA for Southern Africa in Botswana. Negotiations (MOUs) with the Government of Botswana (GOB) were conducted in Gaborone, Botswana from February 14 through February 18, 2000. The negotiating team consisted of representatives from the Departments of Justice, State and the Treasury. The MOU between USG and GOB should be signed at the end of September 2000.</p> <p>The ILEA philosophy and intent is to encourage nations in a particular region to develop institutions, support the concepts of regional participation, and share financial and programmatic responsibilities for law enforcement training.</p>

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### 39. Federal Law Enforcement Training Center (FLETC) Organizational Assessment and Implementation

Mission and goal supported	Law enforcement mission: Provide high-quality training for law enforcement personnel
Primary responsibility	DAS (Law Enforcement)—when former DAS became Assistant Secretary (Enforcement) project moved with her
Primary role	Oversight
Purpose	OE became aware of a number of issues at FLETC that raised concerns, including a lack of diversity in the FLETC workforce and employee complaints regarding a wide-range of EEO and management issues. OE staff made a number of trips to FLETC and met with managers and employees. During these visits, employees repeatedly raised EEO and management issues. Additionally, OE received a number of written complaints from FLETC employees regarding FLETC management and EEO matters. To address these issues, OE contracted the performance of an "Organizational Assessment of the Federal Law Enforcement Training Center" ("Organizational Assessment") focusing on human resources, including EEO and sexual harassment, management practices, and environmental, health and safety. The purpose was to review these areas, identify issues, and make recommendations for improvement.
How project initiated	Self-initiated
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Under Secretary (Enforcement), Assistant Secretary (Enforcement), Finance and Administration, EOAF, FLETC, Office of Management, Treasury Counsel</li> <li>• Department of Justice, OMB, Members of FLETC's Board of Directors (in addition to OE, members are: Department of Justice, Department of Interior, GSA, OPM, OMB, and the House of Representatives Sergeant at Arms) were briefed on the project, as well as Congressional staff</li> <li>• None</li> </ul>
Why Enforcement was involved	The review was done as part of OE's oversight responsibility, it was done by an outside management consultant, and included a review of FLETC senior management. As noted above, one of the factors that lead to the review was a number of employee complaints regarding EEO and FLETC management. Because of the nature of the review, FLETC was not in a position to do the review itself.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• OE staff worked to ensure that the contractor received all materials it requested from FLETC.</li> <li>• OE staff prepared memoranda for Treasury officials on the status and results of the review and implementation of the recommendations.</li> <li>• OE staff participated in briefings for Treasury officials regarding the status and results of the review and implementation of the recommendations. OE staff also briefed members of FLETC's board of directors and Congressional staff.</li> <li>• OE staff worked with FLETC and other Treasury offices to develop a plan to implement the Assessment's recommendations and then helped FLETC implement the recommendations.</li> <li>• OE staff oversaw the work being done by the contractor on the report, including weekly conference calls and periodic briefings. OE staff also reviewed status reports and draft reports. Additionally, to ensure implementation of report recommendations, OE formed an implementation working group chaired initially by the DAS (Law Enforcement) and then by the Assistant Secretary (when the former DAS became A/S). Other OE staff also supported the working group.</li> <li>• OE staff reviewed status reports and drafts of the final report by the contractor. OE staff also reviewed status reports on implementation from FLETC.</li> <li>• OE staff worked w/IRS procurement and the Executive Office of Asset Forfeiture to fund the contract for the Organizational Assessment.</li> <li>• OE staff briefed other FLETC stakeholders on the Organizational Assessment. OE staff also prepared letters for members of Congress on the report.</li> </ul>

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**Appendix I: Selected Projects and Ongoing  
Efforts Relating to Enforcement's Oversight,  
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	<ul style="list-style-type: none"> <li>• OE staff prepared letters for members of Congress on the Assessment and implementation.</li> </ul>
Project duration	Start date: July 1997 End date: April 2000
Enforcement staffing level on the project	5 staff members who spent 10 to less than 25 percent of their time on the project.
Project results	The former Director of FLETC retired after receiving a copy of the draft report and discussing it with the former Under Secretary. Working with OE, the new Director has implemented a wide range of initiatives and improvements relating to the areas covered by the Assessment, including strengthening its EEO system and its environmental controls. OE staff have made repeated site visits to FLETC facilities and have interviewed employees and participating organizations. These interviews indicate a significant improvement in morale of employees and increased satisfaction of participating organizations.

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#### 40. Establishment of the Office of Professional Responsibility (OPR)

Mission and goal supported	Management mission: Improve management operations
Primary responsibility	Under Secretary (Enforcement)
Primary role	Oversight
Purpose	To establish an Office within Enforcement to provide advice to the Under Secretary and oversee operational issues relating both to the individual law enforcement bureaus and offices, and to cross-cutting jurisdictional areas, such as training, equal opportunity and personnel practices, internal affairs, and inspection.
How project initiated	Self-initiated and other Congressional direction <sup>a</sup> : in Fiscal Year 1997 Appropriations Bill, Congress directed the establishment of the Office of Professional responsibility. Then Under Secretary Kelly was also exploring the options for expanding Enforcement staff to permit more in-depth assessment of the bureaus' activities.
Parties involved	
• Treasury	• Under Secretary (Enforcement), DAS (Enforcement Policy), DAS (Law Enforcement), Finance and Administration, ATF, Customs Service, FLETC, Secret Service, Office of Management, Legislative Affairs
• Other federal departments or agencies	• OMB, OPM
• Other	• None
Why Enforcement was involved	This was inherently an Office of Enforcement function. However, the Bureaus were consulted regarding the mission and composition of the office.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• OE staff collected information to prepare position descriptions and determine appropriate grade levels for the new employees.</li> <li>• Numerous briefings were prepared to explain the need for the office, outline the proposal, present options, and identify the necessary staffing level.</li> <li>• Officials within Treasury, OMB, OPM and Congress received briefings.</li> <li>• A plan, organizational chart, position descriptions, and vacancy announcements were developed.</li> <li>• Congress was provided with information regarding Enforcement's progress in establishing OPR.</li> <li>• The progress of obtaining all the necessary approvals for the office, staff, funding and space were monitored to ensure that they were moving forward as expeditiously as possible.</li> <li>• The cost of staffing, office space, equipment, travel and expenses, etc was calculated and funding was sought within the Department, at OMB, and from Congress.</li> <li>• Enforcement coordinated with the Office of the Inspector General to ensure that there was no duplication in the missions of the two offices.</li> <li>• It was necessary to negotiate with Management and OMB to obtain approval for the establishment of the office.</li> <li>• Letters to members of Congress, OPM, OMB were drafted, reviewed and approved.</li> <li>• Progress on the establishment of OPR and accomplishments of OPR have been reported to Congress each year in Appropriations testimony.</li> </ul>
Project duration	Start date: October 1996 Anticipated end date: when funding is available
Enforcement staffing level on the project	4 staff members who spent less than 10 percent of their time on the project.

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**Appendix I: Selected Projects and Ongoing  
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Project results

OPR was established and the first staff members hired in early 1998. Since that time, additional staff members have been recruited, brought on board and integrated into the office. While OE has not been allowed to staff the office as it would have liked due to funding constraints, it has been able to assemble a staff with specific bureau expertise, as well expertise in subject matter areas that cross bureau jurisdictional lines. Numerous efforts have been made, or are underway, by the OPR staff to support and enhance operations of the Treasury bureaus. Examples include the assessment of the vulnerabilities to corruption and effectiveness of the Customs Service Office of Internal Affairs; Treasury/Justice funding parity review; assessment of the Customs passenger processing enforcement targeting program; efforts to obtain a firearms requalification range to serve law enforcement in the Washington, DC area; implementation of the Fairness in Law Enforcement Executive order; oversight of ATF's implementation of the National Criminal Instant Background Check System; review of OFAC document destruction; Secret Service agent Review; Secret Service Uniform Division review; and Treasury's Map of the World international law enforcement training plan.

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<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.



## 41. Schedule B

Mission and goal supported	Management mission: Improve management operations
Primary responsibility	Finance and Administration
Primary role	Support
Purpose	Schedule B authority equipped our bureaus with recruitment and hiring tools similar to other major federal law agencies; and thereby enabled us to hire the brightest and most skilled.
How project initiated	Self-initiated
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Under Secretary (Enforcement), Assistant Secretary (Enforcement), Finance and Administration, ATF, Customs Service, FLETC, IRS/CID, Secret Service, Office of Management</li> <li>OMB, OPM</li> <li>None</li> </ul>
Why Enforcement was involved	This project affected several bureaus and required direction at a higher level. Once the Office of the Under Secretary (Enforcement) made this need a high priority, he led/held numerous senior level meetings with OPM Director LaChance, OMB, etc. He even engaged White House staff.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>Personnel data was collected from each law enforcement bureau regarding race, national origin, grade, gender, etc.</li> <li>Briefing and background memoranda prepared for written briefings and oral presentations.</li> <li>Briefings were held for Treasury and bureau policy officials and for OPM and OMB officials.</li> <li>Strategy and program for achieving Schedule B Authority developed by the Office of Enforcement. Program developed for implementing once authority obtained.</li> <li>The Offices of Enforcement and Management worked closely to draft an Executive order for the President to sign granting the Schedule B Authority.</li> <li>Enforcement coordinated and oversaw the entire project to gain hiring relief through Schedule B Authority. Project impetus was assisted by such Congressionally mandated studies as the earlier Hay Group Report that also looked at hiring difficulties for the Treasury law enforcement bureaus. Enforcement's role in leading all these efforts was a benefit and helped achieve Schedule B Authority.</li> <li>Written products reviewed included memoranda, draft testimony, and the draft Executive order.</li> <li>Enforcement coordinated with OPM, OMB, and the enforcement bureaus as they all had equities or jurisdiction in the granting of Schedule B Authority.</li> <li>Negotiated with OPM and OMB.</li> <li>Draft testimony prepared for Under Secretary to address the Schedule B Authority issue.</li> <li>This issue was part of the testimony of Office of the Under Secretary (Enforcement) regarding FY00 and FY01 Appropriations.</li> </ul>
Project duration	Start date: Summer 1998 End date: Summer 2000
OE staffing level on the project	1 staff member who spent 10 to less than 25 percent of his/her time on the project. From start to finish at least 4 to 6 months on a full-time basis.

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**Appendix I: Selected Projects and Ongoing  
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Project results

This project was a clear winner. Treasury Enforcement now has direct hiring authority. The Office of Enforcement's role in coordinating all of the recent hiring, recruitment, and retention studies for law enforcement bureaus has helped to propel the movement to achieve Schedule B Authority. Among the anticipated benefits of the new hiring authority are: (1) maximum flexibility to target recruiting on much-needed skill sets; (2) greater ability to achieve diversity goals; (3) increased ability to focus on the large number of intangible skills and personal characteristics needed for successful law enforcement performance; and (4) faster and more efficient processes to search out and hire the best candidates for special agent positions.

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## 42. Retirement Bubble

Mission and goal supported	Management mission: Improve management operations
Primary responsibility	Finance and Administration
Primary role	Support
Purpose	Treasury was concerned that its enforcement bureaus were going to lose 50% of its agents over a five-year period, due to retirement. As mandated in House Report 105-592, Treasury was instructed to analyze the impact of potentially large numbers of criminal investigator retirements that would occur over the next several years. Enforcement designed and chaired a working group to formulate a solid statement of work and, in turn, let and managed the contract to study the issue.
How project initiated	Self-initiated and other Congressional direction <sup>a</sup> : the Office of Enforcement had recognized a disproportionate number of retirements occurring and the potential for significant more numbers in a short period. In House Report 105-592, Congress also recognized the potential problem and mandated a review.
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Under Secretary, Assistant Secretary (Enforcement), ATF, Customs Service, FLETC, IRS/CID, Secret Service, Office of Management</li> <li>OMB, OPM</li> <li>Private sector—contractor HuMMRO</li> </ul>
Why Enforcement was involved	The Office of Enforcement was able to provide a broader perspective on a problem that had an impact on all the Treasury enforcement bureaus. At the same time, Congress required Treasury to conduct an analysis.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>The Office of Enforcement captured data from OPM and the Department's database for the preliminary assessments.</li> <li>Briefing materials were prepared on the work plan and final report to Congress.</li> <li>The Under Secretary and enforcement bureau heads were briefed on the progress and final report prepared by the group.</li> <li>Recommendations and strategy for addressing the problem were outlined in the final report.</li> <li>Reports of progress were prepared and group produced final report.</li> <li>The Office of Enforcement chaired the working group, managed the contract, and oversaw progress of the effort.</li> <li>The final report to Congress and numerous memoranda were among written products reviewed.</li> <li>Enforcement coordinated with OPM, OMB, Treasury law enforcement bureaus, and the Office of Management to complete the project.</li> <li>Testimony was drafted by Enforcement staff.</li> <li>The Under Secretary presented testimony at appropriations hearings.</li> </ul>
Project duration	Start date: Fall 1998 End date: Spring 1999
Enforcement staffing level on the project	3 staff members who spent less than 10 percent of their time on the project.
Project results	The final report objectively quantified Treasury enforcement bureau critical resource needs to address the large number of agents approaching retirement. Both parties on the Appropriations Subcommittee expressed concern about our needs.

<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.

### 43. Pay Demonstration Project

Mission and goal supported	Management mission: Improve management operations
Primary responsibility	Finance and Administration
Primary role	Support
Purpose	The purpose of the project is to establish an innovative performance pay plan Demonstration Project for Treasury's law enforcement scientific and technical personnel that will improve the recruitment, retention, development, and performance of employees in critical occupations.
How project initiated	Self-initiated and other <sup>a</sup> : the FBI had earlier received Congressional authorization to conduct a demonstration project. When Treasury Enforcement learned of the FBI authorization, it requested similar authorization for Treasury. On November 26, 1997, the President signed the Commerce, Justice and State Appropriation Bill (Public Law 105-119) which authorized Treasury to conduct a three-year personnel management demonstration project. This was a new statutory authorization, not a requirement.
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Under Secretary (Enforcement), Assistant Secretary (Enforcement), Finance and Administration, ATF, Customs Service, Secret Service, Office of Management</li> <li>OMB, OPM</li> <li>Private sector—contractors Booz Allen and Hummro-Mercer</li> </ul>
Why Enforcement was involved	The Office of Enforcement was able to provide a broader perspective as well as oversight largely because the three major enforcement bureaus were involved. Enforcement established the Demonstration Project Working Group and the contract for the project was executed by the Office of Enforcement.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>The Demonstration Project Working Group collected data from the bureaus on job series and number of employees in each category that would participate in the project. The Working Group analyzed and provided data to the contractor for all participants in the demonstration and control groups, including data on organization, work location, background data (race, gender, veteran status, handicapped status).</li> <li>Briefing memoranda were prepared for the Under Secretary and bureau personnel.</li> <li>The Demonstration Project Working Group conducted briefings for OMB, OPM, the Under Secretary (Enforcement), bureau heads, personnel officers, the National Treasury Employee Union, and bureau employees.</li> <li>An operating plan was developed and submitted to Congress. Treasury also prepared an implementation plan and a training plan.</li> <li>The Treasury Working Group developed operating procedures, charters for the Treasury Personnel Policy Review Board and Bureau Advisory Board overseeing the Working Group and the project, and governing bylaws.</li> <li>Reports prepared for Congress included an Operating Plan, and Evaluation Report (required by legislation), and a Baseline Report that summarizes the status of ATF and Secret Service prior to the demonstration project.</li> <li>Treasury provides oversight of the Demonstration Project Working Group.</li> <li>Written products prepared and reviewed include the Operating Plan, Evaluation Plan, Baseline Report, and operating procedures for ATF.</li> <li>Budget projections/estimates were submitted for the first year of operation and for five outyears.</li> <li>Treasury Enforcement coordinated with OPM, OMB, and the law enforcement bureaus.</li> <li>The Under Secretary issued a press release and additional news articles were prepared with ATF management officials announcing the demonstration project. The Under Secretary also sent out an explanatory memorandum to the Treasury bureaus on the demonstration project.</li> <li>Press interviews and Congressional testimony addressed the demonstration project.</li> <li>Treasury Enforcement established an on-site Demonstration Project Working Group to manage the demonstration project and oversight boards to monitor progress.</li> </ul>

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**Appendix I: Selected Projects and Ongoing  
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Project duration	Start date: October 1998 Anticipated end date: October 2001
Enforcement staffing level on the project	6 staff members who spent 75 to 100 percent of their time on the project.
Project results	The expectations for the demonstration project are to enhance the bureaus' abilities to improve the recruitment, retention, development, and performance of employees in critical law enforcement occupations. The demonstration project is still underway and an evaluation report is due to Congress late in the Spring 2001.

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<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.

#### 44. Senior Executive Service (SES) Review

Mission and goal supported	Management mission: Improve management operations
Primary responsibility	Finance and Administration
Primary role	Support
Purpose	To ensure that Treasury enforcement bureaus are on a competitive level (regarding career development) with other major Federal law enforcement entities (regarding SES allocation).
How project initiated	Other Congressional direction and other <sup>a</sup> : the House Conference Report 106-319 that accompanied the Treasury Appropriations bill directed the Treasury to review and report on the apparent disparity in SES allocations for law enforcement components at Treasury and Justice. A review was also requested by OMB/OPM to 'justify' Treasury's request for additional SES positions.
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Under Secretary (Enforcement), Assistant Secretary (Enforcement), Finance and Administration, ATF, Customs Service, EOAF, FinCEN, FLETC, IRS/CID, OFAC, Secret Service, Office of Management</li> <li>• Department of Justice, OMB, OPM</li> <li>• Private sector</li> </ul>
Why Enforcement was involved	Treasury was directed to conduct the review. Also, the Office of Enforcement was able to provide a broader perspective, especially because this effort involved all of the law enforcement bureaus.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Data was collected on the total numbers of FTE and SES positions for each of the Treasury law enforcement bureaus and offices, as well as for comparable agencies such as FBI, DEA, INS, US Marshals Service, and Bureau of Prisons.</li> <li>• Briefing memoranda prepared on extent of problem for Treasury bureaus and comparison ratios among other agencies.</li> <li>• Senior Treasury and Enforcement bureau, and office officials were briefed on the review, as well as OPM and OMB officials.</li> <li>• Criteria and an SES allocation formulation were drafted by Enforcement in conjunction with the Office of Management.</li> <li>• The Office of Enforcement negotiates revisions and critical points with Management, OMB and OPM as the project develops.</li> <li>• Criteria and allocation model for SES and proposal to senior policy officials reviewed by the Office of Enforcement.</li> <li>• Significant coordination was necessary among the Office of Enforcement and the Office of Management, OMB and OPM.</li> <li>• Talking points and Congressional testimony were prepared.</li> <li>• This issue was addressed in the Office of Undersecretary of Enforcement's testimony regarding FY00 and FY01 Appropriations</li> </ul>
Project duration	Start date: June 1999 Anticipated end date: Spring 2001
Enforcement staffing level on the project	3 staff members who spent less than 10 percent of their time on the project. From start to finish at least 4 to 6 months on a full-time basis.
Project results	There have been several Congressionally directed reviews of Treasury enforcement's SES allocation. Each study has given our appropriators sufficient concern to direct further in-depth reviews. This purpose of the current review is not to acquire more SES for the Enforcement bureaus, but to develop a new, more equitable basis for SES allocation at Enforcement bureaus and offices that seeks to ensure parity with other law enforcement agencies in the Federal government.

<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.

## 45. Customs Service Internal Affairs Review

Mission and goal supported	Management mission: Improve program performance
Primary responsibility	DAS (Law Enforcement)
Primary role	Oversight
Purpose	To conduct an assessment of the vulnerabilities to corruption and of the effectiveness of the Customs Service Office of Internal Affairs.
How project initiated	Statutory requirement: the Treasury and General Government Appropriations Act, FY 98, directed the Under Secretary (Enforcement) to conduct a comprehensive review of the potential vulnerability of the Customs Service to corruption and to examine the efficacy of the Customs Office of Internal Affairs. Although mandated by statute, the former Under Secretary had earlier expressed to Treasury appropriators that one of his reasons for proposing the establishment of OPR was to conduct just such an assessment.
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Law Enforcement), Customs Service, General Counsel</li> <li>• Department of Justice, FBI, INS</li> <li>• State and/or local governments, private sector</li> </ul>
Why Enforcement was involved	The Under Secretary (Enforcement) was directed by Treasury appropriators to conduct the assessment. Further, the review was performed in an oversight capacity and was not a self inspection.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• Collected data and statistics from Customs on case investigative files and internal policies and procedures.</li> <li>• Prepared briefing papers to Treasury officials on the progress and findings of the review.</li> <li>• Regularly provided oral briefing for Treasury officials. Provided oral briefings for staff of various Congressional committees, including the Senate Finance Committee, the Narcotics Caucus, and Appropriations Committees of both houses.</li> <li>• Developed strategies for future consideration to improve Customs procedures.</li> <li>• Developed recommendations in the final report to amend existing Customs policies, directives, and standards.</li> <li>• The final report was published in February 1999. This report was submitted to the Congress and issued publicly.</li> <li>• OE continues to oversee implementation of the report recommendations.</li> <li>• There were several Congressional hearings following issuance of the report. OE reviewed testimony prepared for those hearings.</li> <li>• OE reviews Customs budget proposal to ensure they are adequate to implement the report's recommendations.</li> <li>• Prepared written testimony and responses to Congressional correspondence concerning the report.</li> <li>• Delivered oral testimony before Congressional committees on the report's findings and recommendations. The OPR staffer who was the principal drafter of the report testified at two of those hearings.</li> </ul>
Project duration	Start date: March 1998 End date: February 1999
Enforcement staffing level on the project	6 staff members who spent 50 to less than 75 percent of their time on the project.
Project results	After an extensive study, a comprehensive report was issued of the assessment. Every recommendation in the final report was adopted and is being implemented by the Customs Service.

## 46. Iran Document Destruction Report

Mission and goal supported	Management mission: Improve program performance
Primary responsibility	Assistant Secretary (Enforcement)
Primary role	Oversight
Purpose	Review of circumstances surrounding the destruction of certain Iran files at OFAC that may have been responsive to a subpoena received by the Treasury Department.
How project initiated	Self-initiated and other <sup>a</sup> : The project was initiated jointly by the General Counsel and the Assistant Secretary (Enforcement) and conducted by staff of both offices.
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Assistant Secretary (Enforcement), DAS (Law Enforcement), OFAC, Office of General Counsel</li> <li>Department of Justice</li> <li>None</li> </ul>
Why Enforcement was involved	OE felt that it was important to formally record the circumstances surrounding the document destruction in the event that the matter arose sometime in the future. Further, since it was decided to provide the report to the U.S. District Court judge, it was also important that the Court understand that the review was performed by employees outside of OFAC.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>Data on the type and number of documents destroyed and information on records retention and destruction procedures were collected from OFAC. In addition, many OFAC employees were interviewed by the review team.</li> <li>The Deputy General Counsel and the Assistant Secretary (Enforcement) were briefed on the status of the review as it progressed.</li> <li>A final report was prepared on findings of the review into circumstances surrounding destruction by OFAC of certain Iran documents. That report was also filed in U.S. District Court on July 25, 2000.</li> <li>The review looked at existing OFAC policies and procedures for records destruction, determined what process was followed in this particular document destruction event, and described what documents were destroyed.</li> <li>As this was a joint project, OE coordinated closely with the Office of General Counsel. OFAC also cooperated fully in the review.</li> </ul>
Project duration	Start date: June 2000 End date: July 2000
Enforcement staffing level on the project	1 staff member who spent 75 to less than 100 percent of his/her time on the project.
Project results	The report produced for the Assistant Secretary (Enforcement) and the General Counsel found that the document destruction was inadvertent and occurred in the context of a major office-wide renovation. Personnel involved were not aware of the subpoena or did not have it in mind at the time (subpoena had been pending for two years awaiting further action). The report was submitted to the court who subsequently found that the Department did not act in bad faith in destroying some of the documents that may be covered by the subpoena and commended the Department in taking quick action to remedy the situation.

<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.



#### 47. Assessment of the US Customs Service Passenger Enforcement Targeting Program

Mission and goal supported	Management mission: Improve program performance
Primary responsibility	DAS (Law Enforcement)
Primary role	Oversight
Purpose	The former Under Secretary for Enforcement tasked the Office of Professional Responsibility (OPR) with assessing the passenger enforcement targeting program and reviewing the Customs Inspector training to ensure that the targeting program did not discriminate on the basis of race, color, national origin, ethnicity, religion or gender. In addition, OPR assessed the Customs Service automated advance passenger targeting system to ensure that advance targeting is not impermissibly based on nationality, racial, ethnicity, religious or gender characteristics. The assessment continued into the current Under Secretary for Enforcement's tenure.
How project initiated	Self-initiated
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Law Enforcement), Customs Service, FLETC, Office of General Counsel</li> <li>• None</li> <li>• None</li> </ul>
Why Enforcement was involved	The former Under Secretary for Enforcement received several allegations that Customs Service Inspectors were targeting minorities for more intrusive personal searches at several airports of entry. In addition, there was extensive Congressional interest and media coverage on the Customs Service alleged activities.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• OPR's review methodology included on-site interviews with personnel at the Port of Miami, the Customs Academy in Glynco, Georgia, inspectors assigned to the Analytical Unit and Rover Teams, and with Customs Passenger Service Representatives. OPR did a comprehensive review of documentation and Passenger Processing Policies. Also, OPR conducted site visits to Miami, Florida and Glynco, Georgia.</li> <li>• During the course of the assessment, the OPR review team prepared briefing papers, statistical charts to be used in briefings with the Under Secretary for Enforcement, the Assistant Secretary for Enforcement and the Deputy Assistant Secretary for Law Enforcement.</li> <li>• During the course of the assessment, the OPR review held briefings with the Under Secretary for Enforcement, the Assistant Secretary for Enforcement and the Deputy Assistant Secretary for Law Enforcement to inform them on the progress on the review.</li> <li>• As a result of the OPR's assessment, the U.S. Customs Service enhanced its communication with passengers by establishing a Customer Satisfaction Unit and displaying passenger notification signs in the airports of entry.</li> <li>• OPR issued a report that was transmitted from the Under Secretary to the Commissioner of Customs. The report recommended that the U.S. Customs Service increase its standards in the area of professionalism.</li> <li>• OPR prepared a Report of Findings and Conclusions, and Recommendations for the Under Secretary for Enforcement and the Commissioner, United States Customs Service. The Customs Commissioner embraced, adopted and enhanced the Office of Enforcement's recommendations.</li> <li>• OE monitored the implementation of the recommendations.</li> <li>• OPR reviewed the Customs Commissioner's Congressional testimony on this issue, as well as other reports prepared by Customs.</li> <li>• Due to the increased media coverage and Congressional interest on racial profiling, OPR prepared correspondence on its assessment and report.</li> </ul>
Project duration	Start date: May 1998 End date: June 1999

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Enforcement staffing level on the project	5 staff members who spent 25 to less than 50 percent of their time on the project.
Project results	<p>The Office of Enforcement's, OPR issued a report on the Assessment of the United States Customs Service Passenger Enforcement Targeting to the Under Secretary (Enforcement). The Under Secretary (Enforcement) issued a copy of the report to the Commissioner, U.S. Customs Service and advised the Commissioner to provide the Office of the Under Secretary with Customs course of action to the implementation of the recommendations that were set forth in the report.</p> <p>The Customs Commissioner has made the following changes:</p> <p>Established two committees, one internal and one external, to review the procedures used in personal searches. The committees were tasked to review the criteria used to identify passengers for further inspections.</p> <p>Mandated that all Customs Inspectors receive extensive training on interpersonal communications, cultural interaction, confrontation management, personal search policy, and passenger enforcement selectivity.</p> <p>Established a Customer Satisfaction Unit (CSU) to receive and process complaints by passengers. The CSU ensures that complaints are correctly addressed and that passengers receive appropriate feedback. Also, the CSU provides current information to senior management and analyzes trends within the complaint system.</p> <p>Established a National Public Education Program that informs the traveling public of the authority and responsibilities of inspectors employed by the Customs Service which may result in a passenger being subjected to a personal search.</p>

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## 48. Treasury/Department of Justice (DOJ) Parity Review

Mission and goal supported	Management mission: Improve program performance
Primary responsibility	DAS (Law Enforcement)
Primary role	Support
Purpose	To present to OMB a comparative review of the parity in law enforcement funding between the Department of the Treasury and the Department of Justice. The review addressed certain programmatic and budgetary similarities and differences between the two departments, and stressed the need for a consistent approach to be instituted by OMB for annualizing Federal law enforcement programs.
How project initiated	Self-initiated and other <sup>a</sup> : OMB informed Treasury that it was planning a review of Treasury/Justice law enforcement funding and expressed interest in Treasury's views concerning the parity issue. In addition to presenting its views on the subject, the Office of Enforcement initiated a more comprehensive comparative review to present to OMB that highlighted specific Treasury bureau programs of significance that have not been equitably funded.
Parties involved <ul style="list-style-type: none"> <li>• Treasury</li> <li>• Other federal departments or agencies</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Under Secretary (Enforcement), Assistant Secretary (Enforcement), DAS (Enforcement Policy), DAS (Law Enforcement), DAS (RT&amp;T), Finance and Administration, ATF, Customs Service, EOAF, FinCEN, FLETC, IRS/CID, Secret Service, Office of Management</li> <li>• OMB</li> <li>• None</li> </ul>
Why Enforcement was involved	Due to the fact that the review of program funding covered programs in all Treasury law enforcement bureaus, OE was in a better position to coordinate input from all bureaus, provide a broader perspective of the issue, and provide support of bureau funding at the Under Secretary level.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>• The Office of the Under Secretary collected data from all Treasury law enforcement bureaus and offices on past, existing, and necessary funding for significant programs, resources, equipment, and technology.</li> <li>• Report reviewing Treasury law enforcement program funding prepared and sent under signature of Under Secretary to OMB.</li> <li>• Reviewed past and existing funding for Treasury law enforcement programs and compared to funding for similar programs at DOJ.</li> <li>• Enforcement coordinated with all bureaus to develop a position to best support Treasury law enforcement programs.</li> </ul>
Project duration	Start date: May 1999 End date: July 1999
Enforcement staffing level on the project	5 staff members who spent 25 to less than 50 percent of their time on the project.
Project results	Enforcement provided a review of parity in law enforcement funding between Justice and Treasury, including illustrations of funding variations for specific programs. Enforcement recommended to OMB that a balanced and uniform approach be applied to funding all law enforcement programs. This approach would reflect similarities across agencies and the close coordination among law enforcement entities. The review stressed the increasing complexity of crime today and the reality that no single law enforcement agency has all the skills and authority to most effectively fight complicated criminal schemes. While OMB did not embrace the recommendations in the review, it agreed that all relevant agencies should participate in the formulation of law enforcement initiatives. OMB appreciated the input from Enforcement to its decision-making process and hoped to work closely with Treasury on specific proposals in future budget submissions.

<sup>a</sup>Response categories included self-initiated, statutory requirement, other congressional direction, presidential initiative, and other.

## 49. Selection of Law Enforcement Bureau Heads

Mission and goal supported	Management mission: Improve program performance
Primary responsibility	Assistant Secretary (Enforcement)
Primary role	Oversight
Purpose	As openings occurred, the Office of Enforcement identified candidates, interviewed, and made recommendations for selection to the Secretary for Directors and Deputy Directors of Secret Service (twice), FLETC, Customs, ATF, FinCEN and the Executive Office for Asset Forfeiture. Additionally, although he does not report directly to the Under Secretary, the Chief of the Criminal Investigation Division of the IRS was interviewed prior to his selection.
How project initiated	Self-initiated
Parties involved <ul style="list-style-type: none"> <li>Treasury</li> <li>Other federal departments or agencies</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Under Secretary (Enforcement), DAS (Enforcement Policy), DAS (Law Enforcement), DAS (RT&amp;T), Office of Management, Offices of the Secretary and Deputy Secretary</li> <li>None</li> <li>None</li> </ul>
Why Enforcement was involved	The law enforcement bureaus report to the Under Secretary. Therefore, it was the responsibility of the Office of Enforcement to oversee the selection process of the bureau heads and make a recommendation to the Secretary as to who should be selected.
Functions Enforcement performed	<ul style="list-style-type: none"> <li>Information regarding appropriate candidates and their qualifications was obtained.</li> <li>Briefing materials and interview questions were prepared in preparation for the candidate interviews.</li> <li>After finalists were identified, the Secretary and Deputy Secretary were briefed and met with the candidates. Once a selection was made, OE officials notified appropriate Congressional staff and Members of Congress, as well as officials in the interagency law enforcement community.</li> <li>Information regarding the candidates qualifications were reviewed and analyzed.</li> <li>Interview schedules were developed, the timing of candidate interviews was coordinated with the various bureaus, and reference checks were conducted on the applicants. In addition, OE sought out potential candidates by speaking to officials at the Justice Department, state and local law enforcement, and the private sector.</li> <li>Letters to all candidates were prepared to announce the final selection.</li> <li>Extensive effort was involved in identifying, recruiting, interviewing and selecting the best possible candidates.</li> </ul>
Project duration	Start date: 1996 End date: March 2000. There are currently no bureau head openings.
Enforcement staffing level on the project	7 staff members who spent 10 to less than 25 percent of their time on the project.
Project results	Eight excellent candidates were selected to lead the Treasury law enforcement bureaus: two Secret Service Directors, ATF Director, ATF Deputy Director, Customs Commissioner, FLETC Director, FinCEN Director, Asset Forfeiture Director. Their selection has resulted in significant change and improvement at all of the bureaus. In addition, the thorough and extensive selection process was viewed by the candidates, as well as by Treasury officials, as a fair yet challenging process designed to pick the best possible candidate for the position.

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# Appendix II: Funding That Enforcement Received in Addition to Its Basic Annual Operating Funds

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Enforcement's basic operations are funded through Treasury's annual appropriation for departmental offices' salaries and expenses. Treasury's Financial Management Division (FMD) distributes (or allots) this annual appropriation among various programs and offices, including Enforcement. For example, in fiscal year 2000, Congress appropriated about \$134 million for the departmental offices' salaries and expenses appropriation.<sup>1</sup> Of this total, Treasury's FMD allotted about \$5.2 million to Enforcement for its annual operations, including its oversight, policy guidance, and support roles. Information on the funds FMD allotted to Enforcement for fiscal years 1994 through 2000 has been previously shown in the letter (see fig. 2).

In addition to these basic annual operating funds, Enforcement has received other funding, according to Enforcement and FMD officials. (These funds are not included in fig. 2.) This funding consisted of the following:

- Funds from the departmental offices' salaries and expenses appropriation for special projects or purposes. Approximately \$3.2 million were allotted to Enforcement for fiscal years 1994 through 2000, of which about 61 percent was to be passed through Enforcement to other Treasury accounts. The remaining 39 percent was available to and fully obligated by Enforcement. This included funds to perform a study of ATF's 1993 raid of the Branch Davidian Compound, in Waco, TX.
- Multiyear or no-year funds that were appropriated by Congress or transferred from other Treasury bureaus or federal agencies to Treasury's departmental offices for Enforcement for fiscal years 1994 through 2000. These totaled to about \$267 million of which about 98.3 percent was to be passed through Enforcement to other Treasury accounts. The remaining 1.7 percent (or \$4.6 million) was available to Enforcement for its operations.<sup>2</sup> As of September 30, 2000, Enforcement had obligated about 72 percent (or about \$3.3 million) of the multiyear or no-year funds available for its operations.
- Funds that Enforcement obligated out of its allotment from the departmental offices' salaries and expenses appropriation and for which it was reimbursed. For fiscal years 1994 through 2000, Enforcement had

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<sup>1</sup>Treasury Department Appropriations Act, 2000, P.L. 106-58, 113 stat. 430 (1999).

<sup>2</sup>An Enforcement official noted that use of a portion of these funds was restricted by law to oversight of the implementation of the Violent Crime Control and Law Enforcement Act of 1994, P.L. 103-322, 108 Stat. 1796 (1994).

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**Appendix II: Funding That Enforcement  
Received in Addition to Its Basic Annual  
Operating Funds**

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obligated about \$1.0 million of reimbursable funds. This included funds to perform a study of the White House security.

# Appendix III: Comments From the Department of the Treasury



UNDER SECRETARY

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

February 22, 2001

Ms. Laurie E. Ekstrand  
Director, Justice Issues  
United States General Accounting Office  
Washington, D.C. 20548

Dear Ms. Ekstrand:

Thank you for the opportunity to review and comment on your draft report entitled Department of the Treasury: Information on the Office of Enforcement's Operations. The draft report recommended that the Under Secretary (Enforcement) strengthen internal control by developing a policies and procedures manual to ensure that policies and procedures on the circumstances under which the bureaus are to interact with the Office of Enforcement are clearly defined, documented, and readily available to bureau officials and others.

During the conduct of the review, I understand that members of the prior administration of this office discussed the issues raised in the report with the General Accounting Office (GAO) review team and the need for a comprehensive source that provided guidance and instructions to bureau officials on required interactions with Enforcement. We also agree that a policies and procedures manual would be extremely useful to both bureau officials and the Office of Enforcement staff and improve the efficiency of operations and communications within Enforcement. As a result, this office has initiated a project to plan and develop an Enforcement manual. We are working closely with bureau personnel to ensure that the end product is a meaningful document. Also, included as part of our proposed manual will be a subsection dealing with specific direction and guidance for the liaisons assigned from each Treasury law enforcement bureau to the Office of Enforcement.

We shared the draft report with Treasury enforcement bureaus and other key offices within Departmental Offices, and this transmittal captures the essence of our comments. We commend the GAO review team for its professionalism and courtesy extended to the Office of Enforcement during the course of the review.

Sincerely,

James F. Sloan  
Acting Under Secretary (Enforcement)

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# Appendix IV: GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Laurie Ekstrand, (202) 512-8777  
Weldon McPhail, (202) 512-8777

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## Acknowledgments

In addition to those named above, Mary Lane Renninger, Nettie Y. Mahone, David P. Alexander, Michael J. Curro, Geoffrey R. Hamilton, and Charlotte A. Moore made key contributions to this report.





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